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LEGISLATIVE HISTORY

Public Law 96--82nd Congress

Chapter 275--1st Session

S. 1717

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DIGEST OF PUBLIC LAW 96

DEFENSE PRODUCTION; EMERGENCY CONTROLS. Amends and extends the Defense Production Act of 1950 and the Housing and Rent Act of 1947. The major changes effected by the bill are:

Termination. Continues defense production, price and wage, and rent controls until Jun 30, 1952.

Quotas on livestock slaughtering are prohibited.

Import controls. Provides that no imports of fats and oils (including oil-bearing materials, fatty acids, and soap and soap powder, but excluding petroleum and petroleum products and coconuts and coconut products), peanuts, butter, cheese and other dairy products, and rice and rice products shall be admitted to the U. S. until after June 30, 1952, which the Secretary of Agriculture determines would (a) impair or reduce domestic production, (b) interfere with orderly domestic storing and marketing, and (c) result in any unnecessary burden of expenditure under any Government price support program.

Requisitioning. No real property is to be acquired by requisition except certain equipment and facilities to be demolished and used as scrap.

Condemnation. In addition to other means of transfer, real property may be acquired through condemnation proceeding "in the interest of national defense."

Government purchases. The authority for purchasing materials is broadened by (1) permitting purchase of materials generally rather than only raw materials, and (2) permitting purchases of agricultural commodities produced abroad for resale for purposes other than stockpiling for industrial use. However, purchases of agricultural commodities produced abroad may not provide for delivery more than one year after the expiration of the act (June 30, 1952).

Subsidies can be used for domestically produced materials, except agricultural products, to (a) preclude decreases in supply from high-cost sources, or (b) offset temporary transportation cost increases.

Price controls. No ceiling price shall be established for any agricultural commodity below 90 percent of the price received (by grade) by producers on May 19, 1951, as determined by the Secretary of Agriculture. This will establish a new legal minimum and will limit the extent of rollbacks on certain agricultural commodities. The major commodities affected by this provision are cotton, wool, cottonseed, cattle, calves, sheep, and lambs.

Provides that the Defense Production Act does not modify, repeal, supersede, or affect the provision of either the Agricultural Act of 1949 or the Agricultural Marketing Agreement Act of 1937.

Establishes a new standard for determining ceiling prices for milk or butterfat used for manufacturing. Such ceilings may not be less than

prices the Secretary of Agriculture determines reasonable in view of prices of feed and other factors specified.

No ceiling price can be set for non-agricultural products below the lower of (a) the price just before the date of the regulations issuance or (b) the prevailing price between January 25 and February 24, 1951.

Rollbacks of non-agricultural prices are mitted if the ceiling price is based either (a) on the highest price received for the material or service between January 1 and June 24, 1950 and reflects adjustments for subsequent increases or decreases in costs occuring prior to July 26, 1951, or (b) was established under regulations issued prior to the enactment of S. 1717.

Price relief is contingent upon applicat on of the seller and may be requested on cost increases prior to July 26, 1951. Increases may be granted on this basis except where the cost increases are determined to be unreasonable and excessive.

Retailers and wholesalers must be permitted their customary percentage margins of costs of materials between May 24 and June 24, 1950, except for items in short supply "as evidenced by specific government action to encourage production."

Credit controls are limited as follows: Automobiles, new and used, one-third down payment, 18months maturity. Household furniture and floor coverings, 15% down payment, 18 months maturity. Household appliances (including radios and television sets), 15% down payment, 18 months maturity. Residential repairs and improvements, 10% down payment, 36 months maturity.

Small business. Establishes an independent Small Defense Plants Administration to recommend loans for small businesses to R.F.C., enter into contracts with the Government for equipment or supplies and arrange for the performance of such contracts by letting subcontracts to small businesses, provide technical and managerial aids to small businesses, and arrange for small business to get its fair share of contracts and allocated defense materials.

Rent control is extended through June 30, 1952, and its administration is transferred to the Economic Stabilization Agency. Rent increases are permitted to 20% over levels of June 30, 1947, and authority is provided to recontrol defense areas and control other areas upon resolution of the State or local government.

INDEX AND SUMMARY OF HISTORY ON S. 1717

May 7, 1951	Hearings: Senate on S 1397 (Part 1)
May 8, 1951	Hearings: House on H.R. 3871 (Part 1)
May 17, 1951	Hearings: Senate on S 1397 (Part 2)
May 21, 1951	Hearings: House on H.R. 3871 (Part 2)
May 31, 1951	Hearings: Senate on S 1397 (Part 3) Hearings: House on H.R. 3871 (Part 3)
June 21, 1951	Senate Committee on Banking and Currency reported S. 1717 without amendment. Senate Report 470. Print of Bill as reported.
June 25, 1951	Senate began debate
June 26, 1951	Senate continued debate
June 27, 1951	Senate continued debate .
June 28, 1951	S. 1717 passed Senate with Amendments. Print of Bill as by the Senate. Senate resumed the consideration of the bill S 1717 to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947.
July 21, 1951	Passed House with amendments and language of H.R. 3871 inserted. Print of Bill as amended and passed by the House of Representatives. House conferees appointed
July 23, 1951	Senate conferees appointed
July 25, 1951	Conferees reached agreements
July 26, 1951	Conferees reached agreements
July 27, 1951	Senate agreed to conference report. House received conference report. Report 770
July 30, 1951	House agreed to conference report.
July 31, 1951	Approved: Public Law 96

82D CONGRESS }
1st Session }

SENATE

{ REPORT
{ No. 470

A BILL TO AMEND AND EXTEND THE
DEFENSE PRODUCTION ACT OF 1950
AND
THE HOUSING AND RENT ACT OF 1947,
AS AMENDED

REPORT
FROM THE
COMMITTEE ON BANKING AND CURRENCY

TO ACCOMPANY

S. 1717

A BILL TO AMEND AND EXTEND THE DEFENSE
PRODUCTION ACT OF 1950 AND THE HOUSING
AND RENT ACT OF 1947, AS AMENDED



JUNE 21, 1951.—Ordered to be printed

UNITED STATES
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AMENDING AND EXTENDING THE DEFENSE PRODUCTION ACT OF 1950 AND THE HOUSING AND RENT ACT OF 1947, AS AMENDED

JUNE 21, 1951.—Ordered to be printed

Mr. MAYBANK, from the Committee on Banking and Currency, submitted the following

REPORT

[To accompany S. 1717]

The Committee on Banking and Currency, having considered amendments to the Defense Production Act of 1950, report favorably a committee bill (S. 1717) and recommend that the bill do pass.

GENERAL STATEMENT

The Defense Production Act of 1950, erected the framework for a vast effort by the Government and the people of the United States to expand and redirect our productive strength quickly to such unprecedented levels as to create for the free world an invincible barrier against the threat of successful Communist aggression and conquest. This vast effort in defense of freedom was proved urgently necessary last June by the fateful decision of world communism to substitute for its "cold war" tactics of infiltration and subversion a desperate new policy of outright invasion and war against the infant Republic of Korea. The urgency of our program of rearmament and productive expansion became even more pressing when the collapse of the North Korean Communist aggressors under American and United Nations counterattack was instantly followed last November by the intervention of Communist China with her seemingly limitless resources of manpower. In launching war in Korea, communism served notice on the free world that it regarded armed might as its key to world domination.

In continuing the war, after the United Nations came to Korea's defense, communism demonstrated an utter disregard of the UN and its principles and contempt for the basic principles of human decency

and the sentiment of world opinion. In widening the scope of that war by throwing the Chinese hordes into the conflict to avoid total military defeat of the original aggressors, communism revealed a willingness to chance world war in pursuit of its expansionist ambitions. The free nations, led by the United States, recognized in these manifestations of international gangsterism an urgent need to confront strength with strength as the ultimate and decisive barrier to communism's achievement of its imperialist goals. The Defense Production Act grew out of that realization.

The approach taken by the Congress in this act to the problem of rebuilding our military potential as quickly as possible was three-fold: to provide equipment for the rapid expansion of our Armed Forces and those of the friendly nations associated with us; to provide for the rapid expansion of our productive capacity to a point where we could supply materials and equipment for a world-wide total war; and, at the same time to assure the Nation's financial and economic ability to mount such a vast defense effort by establishing authority for the control of inflationary pressures arising out of the unavoidable temporary dislocations and shortages in supplies bound to result from such tremendous diversion of materials from normal peacetime to emergency defense uses.

The Defense Production Act, which became law on September 8 last, was put into actual operation, especially the price-and-wage sections, gradually and all too slowly in the period following its enactment and before the sudden reversal of the United Nations military situation in Korea. Most of the agencies set up under it existed at that time largely on paper, or with skeleton staffs devoting virtually all of their time and effort to the recruitment of additional personnel. The Nation was permeated with a psychology of quick victory in Korea and a lessening of the fear of world war. The rush of anticipatory buying set off by initial attack in June was gradually subsiding. With the decrease in scare buying, there was a corresponding decrease in the price spiral.

But the optimism over the prospects of early peace was abruptly shattered by the new invasion and the retreat of UN forces below the thirty-eighth parallel. Once again, sparked by strategic imports such as rubber, tin, copper, tungsten, and similar materials, prices soared to new heights. The production agencies and the military departments revised their estimates of immediate need and stepped up their requirements substantially. This put additional pressures on prices. The price control agency, meanwhile, was not equipped to cope with the upward surge of prices. It appealed for voluntary restraint by sellers, but the appeal was largely ignored. Wage rates were climbing to catch up with the increased cost of living and, in some instances, to exceed it in anticipation of further inflation in living costs.

Not until January 26, 1951, 6 months after the inflationary spiral got under way, and more than 3 months after passage of the act providing authority for price and wage controls, was the accelerating price-wage spiral finally met with an across-the-board freeze of prices and wages, and both prices and wages, since then, have been held at comparatively stabilized levels.

The programs authorized under the Defense Production Act, although in many cases late in getting under way, are now beginning

to achieve the results Congress envisioned in drafting and enacting the legislation. But the Defense Production Act expires on June 30—only a week from now. Your committee unanimously believes that world conditions are such, and the danger of new and bolder Communist aggression so real and menacing, that renewal of this legislation is absolutely vital to the safety of this Nation and to the survival of freedom in all parts of the world where it now exists. To allow this legislation to lapse and the programs under it to end would, in the opinion of your committee, reflect a total blindness by the Congress to the world-wide imperialist designs of communism so strikingly and shamelessly revealed in naked candor in the devastation of the Republic of Korea.

In reaching its decision to recommend approval of this legislation, your committee has devoted 6 weeks of continuous all-day study to the issues raised in this bill, and has listened to and consulted not only those Government officials assigned major responsibilities in the administration of programs under this act but also qualified and representative spokesmen for virtually every economic interest in the United States which is or would be affected by operations under this act or under amendments proposed to it. Moreover, the many weeks of formal hearings had been preceded by numerous hearings and frequent examination into actual operations under the act by individual members of the Committee on Banking and Currency who serve on the Joint Committee on Defense Production. All of this information was available to your committee in reaching its decision—a decision reinforced further by the experience of the committee in drafting the initial legislation last year.

Throughout this extended and continuous study of the basic legislation, your committee has been gratified by the increasing evidence of the fundamental soundness of the Defense Production Act as it was finally recommended by this committee to the Congress last year. Although drafted originally under the stress of emergency circumstances arising from the outbreak of war, the major provisions of the act have stood the test of experience in remarkable fashion. Indeed, evidence of this soundness can be found in the fact that none of the amendments proposed by the executive officers administering the act suggested any significant basic change, but rather sought only to widen the scope of the legislation in limited areas or to provide the administering agencies with what they described only as perfecting changes based on experience under the act. All of these facts would indicate that the Congress last year met the issues of mobilization with foresight, courage, and effectiveness.

At the same time, your committee cannot refrain from expressing its deep disappointment over the delays which occurred before parts of this effective machinery—particularly in the stabilization area—were finally put to work. Since this authority was not exercised as quickly as it should have been, it has not yet been as effective as it could have been. Furthermore, in areas where flexibility was recommended, rigidity was sometimes used; in other areas where strict controls were provided for use when needed, loose ones were in some instances relied upon to meet problems far beyond the capacity of such measures to solve.

Nevertheless, and on balance, it appears to your committee that however belatedly some of the stabilization powers of this act were

invoked, however inflexibly some of the credit controls may have been used, and however loosely some of the production provisions may have been administered, the fact remains that real results are now being achieved in what are still initial phases of the act's operations. Expansion of military supplies and of productive capacity under the act is proceeding at satisfactory speed, according to responsible Defense Department and mobilization officials, even though results are not readily visible to the average citizen. Much more visible, on the other hand, there has finally occurred a dramatic halt to the price-wage spiral; prices are leveling off, and in some cases turning downward; wage increases are being held generally within comparatively strict limits; the cost of living has remained stable.

Steadily increasing production and expansion of productive capacity, the leveling-off of prices and wage rates, and the demonstrated ability of United Nations troops in Korea to withstand and even push repeated Communist attacks all have contributed to a calm in the Nation and in the market places. These commendable achievements have, unfortunately, led many persons to believe the emergency provisions of the Defense Production Act are no longer needed. The facts simply do not justify such complacency—a complacency verging on blindness.

Virtually all of the inflation which occurred between June 1950 and the imposition of direct price and wage controls in January originated in advance of buying—fear buying—and hoarding, by both consumers and businessmen. Production of civilian goods, in fact, increased in that period, even though stocks of many items seemed to be disappearing from shelves and show-room floors. The sudden halt to scare buying inspired by direct action to stabilize prices revealed that business, likewise fearing shortages and higher prices, had accumulated a gigantic inventory. The Government contributed to the buying rush by reaching out into world markets for vast quantities of stockpiling materials regardless of price. This bidding for supplies by our Government, coupled with equally spirited bidding in foreign and domestic markets by private business, resulted in spot market increases such as the following:

Commodity	June 1950 price	January 1951 price	Percentage increase
Wool.....pound.....	\$1.97½	\$4.14½	109.9
Tin.....do.....	.772	1.82	135.8
Rubber.....do.....	.29	.72	148.3
Copper.....do.....	.224	.244	8.9
Lead.....do.....	.12	.17	41.7
Zinc.....do.....	.157	.182	15.9

The import spot market index rose to levels about 62 percent above those of last June.

Although not matching that degree of rise, domestic spot market prices and wholesale prices were following the same upward trend in this period, leveling off or even declining slightly in September, then renewing an upward climb which became almost perpendicular when the Chinese Communists entered the fighting, and continuing unchecked until controls were imposed.

The violence of the price spiral which occurred between June 25 and January 26 and the degree to which it has been checked since then are shown in the following tables:

Spot market indexes

Date	August 1939=100		June 1950=100	
	Import	Domestic	Import	Domestic
June 2, 1950.....	268.0	266.2	100.1	100.1
June 9, 1950.....	268.0	269.7	100.1	101.4
June 16, 1950.....	264.8	263.2	99.0	98.9
June 23, 1950.....	266.0	262.8	99.4	98.8
June 30, 1950.....	271.2	268.2	101.3	100.8
July 7, 1950.....	277.4	270.8	103.7	101.8
July 14, 1950.....	291.8	282.7	109.0	106.3
July 21, 1950.....	301.6	288.8	112.7	108.6
July 28, 1950.....	313.9	297.5	117.3	111.8
Aug. 4, 1950.....	329.2	291.0	123.0	109.4
Aug. 11, 1950.....	332.0	292.9	124.1	110.1
Aug. 18, 1950.....	334.8	297.4	125.1	111.8
Aug. 25, 1950.....	342.3	301.6	127.9	113.4
Sept. 1, 1950.....	341.7	309.1	127.7	116.2
Sept. 8, 1950 (DPA Act signed).....	350.2	316.9	130.9	119.1
Sept. 15, 1950.....	356.2	318.5	133.1	119.7
Sept. 22, 1950.....	355.7	315.3	132.9	118.5
Sept. 29, 1950.....	346.2	308.9	129.4	116.1
Oct. 6, 1950.....	350.5	312.3	131.0	117.4
Oct. 13, 1950.....	354.1	311.2	132.3	117.0
Oct. 20, 1950.....	356.1	314.2	133.1	118.1
Oct. 27, 1950.....	359.1	316.9	134.2	119.1
Nov. 3, 1950.....	363.9	320.1	136.0	120.3
Nov. 10, 1950.....	372.9	324.6	139.3	122.0
Nov. 17, 1950 (Chinese intervention).....	378.6	327.7	141.5	123.2
Nov. 24, 1950.....	371.0	326.1	138.6	122.6
Dec. 1, 1950.....	376.0	330.0	140.5	124.1
Dec. 8, 1950.....	380.8	339.8	142.3	127.7
Dec. 15, 1950.....	385.8	342.7	144.2	128.8
Dec. 22, 1950.....	391.8	347.2	146.4	130.5
Dec. 29, 1950.....	396.7	350.3	148.2	131.7
Jan. 5, 1951.....	404.6	355.6	151.2	133.7
Jan. 12, 1951.....	427.1	360.5	159.6	135.5
Jan. 19, 1951.....	434.1	361.1	162.2	135.7
Jan. 26, 1951 (general ceiling price regulations).....	426.9	359.8	159.5	135.3
Feb. 2, 1951.....	431.8	365.9	161.4	137.5
Feb. 7, 1951.....	432.6	362.8	161.7	136.4
Feb. 14, 1951.....	434.8	365.7	162.5	137.5
Feb. 23, 1951.....	434.4	364.7	162.3	137.1
Mar. 2, 1951.....	434.7	362.0	162.4	136.1
Mar. 9, 1951.....	422.0	358.6	157.7	134.8
Mar. 16, 1951.....	418.6	356.0	156.4	133.8
Mar. 23, 1951.....	416.7	356.5	155.7	134.0
Mar. 30, 1951.....	417.8	355.7	156.1	133.7
Apr. 6, 1951.....	413.1	351.6	154.4	132.2
Apr. 13, 1951.....	411.2	352.3	153.7	132.4
Apr. 20, 1951.....	407.5	351.8	152.3	132.4
Apr. 27, 1951.....	409.3	351.8	153.0	132.2
May 4, 1951.....	406.7	348.3	152.0	130.9
May 11, 1951.....	405.7	348.8	151.6	131.1
May 18, 1951.....	395.8	350.2	147.9	131.6
May 25, 1951.....	393.1	346.2	146.9	130.1
June 1, 1951.....	385.3	343.8	144.0	129.2
June 8, 1951.....	379.0	340.1	141.6	127.8
June 13, 1951.....	378.5	338.2	141.4	127.1

Weekly wholesale price index

Date	Index (1926=100)	Index with (June 1950= 100)	Date	Index (1926=100)	Index with (June 1950= 100)
June 6, 1950.....	157.6	100.2	Dec. 5, 1950.....	172.6	109.7
June 13, 1950.....	157.0	99.8	Dec. 12, 1950.....	173.6	110.3
June 20, 1950.....	157.4	100.0	Dec. 19, 1950.....	174.7	111.0
June 27, 1950.....	157.4	100.0	Dec. 26, 1950.....	176.0	111.9
July 4, 1950.....	159.6	101.4	Jan. 2, 1951.....	176.8	112.4
July 11, 1950.....	163.0	103.6	Jan. 9, 1951.....	178.1	113.2
July 18, 1950.....	164.3	104.4	Jan. 16, 1951.....	178.7	113.6
July 25, 1950.....	164.6	104.6	Jan. 23, 1951.....	180.0	114.4
Aug. 1, 1950.....	165.8	105.4	Jan. 30, 1951.....	180.9	115.0
Aug. 8, 1950.....	166.3	105.7	Feb. 6, 1951.....	182.3	115.9
Aug. 15, 1950.....	165.8	105.4	Feb. 13, 1951.....	183.4	116.6
Aug. 22, 1950.....	166.6	105.9	Feb. 20, 1951.....	183.3	116.5
Aug. 29, 1950.....	167.8	106.6	Feb. 27, 1951.....	183.0	116.3
Sept. 5, 1950.....	167.7	106.6	Mar. 6, 1951.....	183.5	116.6
Sept. 12, 1950 (DPA Act signed).....	169.1	107.5	Mar. 13, 1951.....	183.4	116.6
Sept. 19, 1950.....	169.8	107.9	Mar. 20, 1951.....	183.9	116.9
Sept. 26, 1950.....	169.4	107.7	Mar. 27, 1951.....	183.9	116.9
Oct. 3, 1950.....	168.8	107.3	Apr. 3, 1951.....	183.3	116.5
Oct. 10, 1950.....	168.4	107.0	Apr. 10, 1951.....	183.0	116.3
Oct. 17, 1950.....	168.7	107.2	Apr. 17, 1951.....	183.1	116.4
Oct. 24, 1950.....	168.9	107.3	Apr. 24, 1951.....	183.6	116.7
Oct. 31, 1950.....	169.6	107.8	May 1, 1951.....	183.4	116.6
Nov. 7, 1950.....	170.0	108.0	May 8, 1951.....	182.8	116.2
Nov. 14, 1950.....	171.0	108.7	May 15, 1951.....	182.2	115.8
Nov. 21, 1950 (Chi- nese intervention)...	171.2	108.8	May 22, 1951.....	182.4	115.9
Nov. 28, 1950.....	171.7	109.1	May 29, 1951.....	182.5	116.0
			June 5, 1951.....	181.9	115.6
			June 12, 1951.....	181.7	115.5

Consumer prices naturally reflected these same trends.

Consumers' Price Index

Month	Index (1935- 39=100)	Index (June 1950=100)	Percent change from previous month
June 1950.....	170.2	100.0	+0.5
July.....	172.0	101.1	+1.1
August.....	173.4	101.9	+0.8
September (DPA Act signed).....	174.6	102.6	+0.7
October.....	175.6	103.2	+0.6
November (Chinese intervention).....	176.4	103.6	+0.5
December.....	178.8	105.1	+1.4
January 1951 (General Ceiling Price Regulation).....	181.5	106.6	+1.5
February.....	183.8	108.0	+1.3
March.....	184.5	108.4	+0.4
April.....	184.6	108.5	+0.1

The effect of this price inflation on wage rates was obvious.

Average hourly earnings—Production workers in manufacturing

Month	Gross	Index (June 1950=100)	Percent change from previous month
June 1950.....	\$1.453	100.0	+0.8
July.....	1.462	100.6	+0.6
August.....	1.464	100.8	+0.1
September (DPA Act signed).....	1.479	101.8	+1.0
October.....	1.501	103.3	+1.5
November (Chinese intervention).....	1.514	104.2	+0.9
December.....	1.543	106.2	+1.9
January 1951 (General Ceiling Price Regulation).....	1.555	107.0	+0.8
February.....	1.560	107.4	+0.3
March.....	1.569	108.0	+0.6

The spiral was compounded by a vast expansion in credit.

Commercial bank loans—Loans outstanding end of period

	Billions	Index (June 1950=100)
1950—June.....	44.8	100.0
July.....	46.0	102.7
August.....	47.3	105.6
September (DPA Act signed).....	48.9	109.2
October.....	49.8	111.2
November (Chinese intervention).....	51.5	115.0
December.....	52.2	116.5
1951—January (General Ceiling Price Regulation).....	52.7	117.6
February.....	53.5	119.4
March.....	54.4	121.4
April.....	54.4	121.4

Increased taxes passed by the Congress in 1950 to meet greater defense requirements were, to a large extent, dissipated in late 1950 and early 1951 in higher unit costs for military goods. Secretary of Defense George C. Marshall, in an appearance which deeply impressed members of your committee, testified:

Taking into account hidden increases, we believe that the best over-all estimate of the cost of inflation to the Department of Defense during the past year has been roughly equivalent to the 20-percent increase in the Wholesale Price Index. Thus, approximately \$7 billion out of the \$35 billion authorized for procurement of hard and soft goods and military construction for the Department of Defense during fiscal year 1951 can be regarded as the cost of inflation.

General Marshall presented a great many specific examples of cost increases which explain that \$7 billion advance. Taken at random, following are some of the examples of price increases on standard civilian-type items among scores he cited:

Some examples of cost increases to the military since Korea

Item	From—	To—	Percent
Fuel oil.....	\$0.99.....	\$2.18.....	120
Dish-washing machine.....	\$1.454.....	\$2.200.....	51
Khaki trousers.....	74 cents.....	93 cents.....	26
Wool serge.....	\$3.60 per yard.....	\$7.32 per yard.....	103½
Cotton webbing.....	4 cents.....	7½ cents.....	83
Combat boots.....	\$5.72 per pair.....	\$11.36 per pair.....	99
Winter undershirts.....	\$2.74.....	\$4.97.....	82
Glycerin.....	35 cents per pound.....	85 cents.....	109
Cotton mop.....	47 cents.....	76 cents.....	63

In addition to the \$7 billion added cost to the Government for military procurement, price inflation also cost the taxpayers themselves—the consumers of this country—an estimated \$18 or \$20 billion more for the goods and services they buy. This represents about as much as the American people spent for clothing or for shelter in 1950; it represents an amount greater than the net income of all of the farm proprietors of America in any one year.

The decisive action taken in January to halt this spiral, while coming too late to prevent millions of Americans on fixed incomes from suffering real hardship, nevertheless, as is shown in the foregoing tables, accomplished the kind of results your committee envisioned when it wrote title IV into the bill initially.

Inasmuch as the inflation which occurred between June and January was largely anticipatory in nature, and not based on such genuine inflationary factors as deficit financing or acute shortage of civilian goods, your committee has studied carefully the whole question of need for price and wage controls now that the initial onslaught of inflation has been stopped.

Your committee, backed by the unanimous opinion of all witnesses who testified in many weeks of hearings, is convinced that the real inflationary danger is ahead, not behind. Although opinions differed on the need for the direct controls, there was no disagreement on the necessity for bulwarking our economic defenses against a surge of inflationary pressures which all witnesses regarded as inevitable.

Those pressures are recognized as inevitable because of the timetable of defense planning. Our goal, as outlined by Defense Mobilizer Charles E. Wilson, is to crowd into approximately 2½ years an expansion of 17 percent—17 million tons—in the steel-producing capacity of the United States; as compared with an expansion of 14 million tons in 1940–45; an expansion of 30 percent, or 22,000,000 kilowatts, in the electric power capacity of the Nation; an expansion of 65 percent, or 500,000 tons, in the aluminum capacity, while at the same time equipping a 3,500,000-man Military Establishment and the armed forces of allied nations, providing necessary guns, tanks, planes, ships, and ammunition for our forces in Korea, creating the capacity to produce 50,000 airplanes and 35,000 tanks a year and 18,000 jet engines a month, and above and beyond that, accumulating reserves of key items regarded as sufficient to carry us through the first year of an all-out world war.

Achieving such goals will require the full utilization of America's productive genius. It will require a substantial increase in our working force and a substantial increase in overtime work. This will mean more money for individuals to spend. This added purchasing power, however, will not be matched by corresponding increases in the availability of goods for that increased purchasing power to buy; on the contrary, it is virtually certain that there will be less consumers' goods. Therein lies the seed of an economic disaster that might well destroy the military might we are straining to build.

Examining this problem in terms of just one commodity, steel, your committee finds a graphic picture of the over-all inflationary danger growing out of reduced civilian supplies and rising incomes. Our plant for the production of iron and steel had a rated capacity in June 1950 of 100 million ingot-tons a year. This represented a substantial increase over peak World War II capacity of 95 million ingot-tons, but was still far from enough to satisfy the demands of American industry and the American people for steel and products made from steel, even though that plant was operated during most of the year at levels above 100 percent of theoretical capacity. Thus, even before the outbreak of the Korean War and the decision to increase our defense effort vastly, there was a gray market in this basic commodity despite the fact that virtually the entire output went to civilian uses and only about 1 million tons for military uses.

In the year since June 1950 we have increased steel capacity more than 5 percent to about 105 million ingot-tons. By the end of this year, capacity should, according to present plans be increased to somewhere near 108 million ingot-tons. Yet demands of the military

services and the atomic energy program alone this year and next year will take off the civilian market every ton of steel produced by this extra capacity, and millions of additional tons as well.

Considering only the steel which will be required for straight military purposes in the next 2 years, it is estimated that the 24 million tons so diverted—as against less than 1 million tons used for these purposes in 1950—will represent sufficient tonnage to build 14 million new automobiles. This is more than twice as many new automobiles as were manufactured in 1950 and almost equal to the production of the entire passenger automobile industry during the years 1936 through 1940.

To illustrate in another way the magnitude of these military requirements, 24 million tons of steel would be roughly enough to build and make all of the automobiles, all of the trucks, all of the busses, all of the automotive parts, and all of the household hard goods and appliances of all kinds, as well as all of the farm implements and wheel tractors, which were manufactured in this country in the peak year of 1950.

Yet even if the steel were available in the next 2 years for production of those civilian goods at the same levels as in 1950, the hard goods which could be produced would fall far short of meeting the demands of the substantially increased purchasing power our people will have. Informed estimates indicate that the national income by the first quarter of 1952 will reach an annual rate \$37½ billion higher than the rate achieved in the first quarter of 1951. Where will this income go? Into savings and taxes? Or into higher prices for the limited goods available? The former path would be anti-inflationary; the latter inflationary and disastrous. Witnesses before your committee were in complete agreement on this point.

Your committee has received innumerable proposals for containing these inflationary pressures by reliance entirely on means other than the use of direct controls over prices, wages, and rents; that is, by indirect controls over the money supply through higher taxes, stringent credit policies, reduction in Government spending, and incentives to greater saving.

In the opinion of your committee, after exhaustive study of the whole inflation problem, each of these steps has great merit in itself as a necessary part of an integrated, effective, and completely rounded anti-inflation program. All must be utilized to the maximum degree possible, consistent with the requirements of production, of efficient operation of our complex economic system, and of necessary Government services, in contributing to a lessening of the basic inflationary pressures growing out of greatly increased purchasing power and decreased supplies of many civilian goods.

But your committee would be less than realistic if it were to accept the thesis, put forward by those witnesses opposing the direct controls, that the Committee on Banking and Currency should recommend abandonment of the direct controls now, on the chance, or the hope, that the Congress eventually might enact tax, credit, and budget control measures sufficiently spartan to accomplish the purposes of stabilization through indirect controls alone. Such a program would be so drastic as to constitute a serious threat to production and to our economy.

The recent experience of the Committee on Ways and Means in the House of Representatives in writing new tax legislation is a striking illustration of the difficulties to be encountered in a democracy in imposing new tax burdens. Many segments of the bill are under strong attack from affected groups. Yet no responsible fiscal authority has indicated that this pending bill represents a tax increase sufficient to siphon off excess purchasing power. The additional revenues proposed in the measure do not even assure a balanced budget when defense expenditures mount to levels scheduled for late this year and next year.

The Congress already has demonstrated its desire to cut out all unnecessary Federal expenditures and to reduce budget requests wherever it is considered safe to do so. But since the vast bulk of the Federal budget is assigned to defense purposes, and since these military programs cannot be abandoned or greatly reduced in the face of the world situation, the cuts we can anticipate will be relatively small in relation to total budget amounts. It is the opinion of your committee that reductions in Government expenditures now in prospect cannot by themselves, or in concert with prospective tax increases and credit restraints, achieve the goal of economic stabilization in the months and years immediately ahead without complementary controls over prices and wages, and over rents in areas of acute housing shortages and high defense activity.

Should price, wage, and rent controls be permitted to die at this time on the wishful premise that Congress some day might enact monetary restraints adequate to meet the full surge of inflationary pressures ahead, it is inevitable that in a few months, at the latest, when present inventories are depleted and cut-backs in civilian production become more severe, a new spiral of price inflation dwarfing that occurring after the outbreak of the Korean War would be inevitable and irresistible.

Demands for higher wages to maintain labor's purchasing power in the face of rising living costs would be equally inevitable and equally irresistible, particularly in a tightening labor market. Wage incentives by industries to pirate manpower from each other would reach such levels that skilled craftsmen in many trades might well be receiving hourly wages of \$10 or \$15 per hour and the entire wage structure would be raised to such heights that thousands of small businesses, particularly in the service trades, would be priced entirely out of the labor market and forced to close their doors.

Rent increases are already becoming alarming in many uncontrolled areas of expanding military and defense activity. The morale of our fighting men recalled to service has already suffered from the hardships they experience in finding homes or apartments for their families at rents they can afford. The turn-over of labor in many defense areas because of inability of in-migrant workers to find suitable accommodations at reasonable rents is reaching proportions alarming to production officials. The scheduled increase in defense activity will certainly compound these dislocations and hardships if adequate rent-control machinery is not available.

Were your committee and the Congress to decide to abandon the direct controls at this time in the belief that they could be reimposed if the situation deteriorates sufficiently to require corrective action, the fact remains that the damage would be done to our economy in

the meantime and could not be rectified. Evidence of this can be seen in the fact that the increase in the general price level which occurred between June 1950, and January 1951, could not successfully be rolled back when controls were imposed, and this inflation now in effect appears to be "built in" for the duration.

Isolated retail price wars in New York and elsewhere in recent weeks have not led to any general decline in living costs, for the reason that the raw material, manufacturing, wholesale, and wage-cost increases which led to or accompanied retail-price increases are now virtually ineradicable. It might be argued that a new spiral of inflation let loose by the elimination at this time of direct controls could be halted eventually by reimposition of the direct controls, but the Nation by then would be saddled with a new price and wage plateau as difficult to push backward as has been the price-wage plateau of January 26.

The simple arithmetic of defense—an increase in the rate of contract letting for defense purposes from less than \$1 billion a month before June 1950, to current levels of \$1 billion a week—makes clear that stabilization must be maintained if the dollars we appropriate to the military are to buy their full share of necessary supplies and equipment.

The contracts placed by the defense agencies do not reflect immediate cash payments, of course. But deliveries and expenditures by Government are advancing sharply. The monthly rate of deliveries has increased 300 percent annually in the past year. Actual deliveries of defense items in fiscal 1952 are estimated by Secretary Marshall at \$38 billion. And, as he testified, the impact on the economy is not measured solely by deliveries actually made and paid for, but also by orders in the pipelines for deliveries in future years which are now taking vast quantities of steel, aluminum, copper, and other material off the civilian market.

The term "billion" has become commonplace among Americans and the billion dollars we are obligating weekly for defense purposes is taken pretty much in stride by the press and the public. The immensity of the mobilization effort, and of the productive facilities needed to carry it out, can be seen better from a tangible illustration. We are now obligating each week more than the entire cost of the Tennessee Valley Authority's far-flung water-control, power, and chemical facilities. Each week we are obligating for defense enough to build 20 Empire State Buildings or practically enough to build the entire St. Lawrence seaway project.

In contemplation of such a stupendous effort, your committee agrees with General Marshall when he testified:

When the Defense Production Act of 1950 was passed, it was intended to be a keystone in our industrial mobilization. The reasons today for continuation of that act, I think, are more compelling than the reasons for its original enactment.

ADMINISTRATION OF PROGRAM

NO PROFIT CONTROL

Throughout the hearings a great number of witnesses expressed the fear of a system of profit control. Your committee wishes to emphasize as emphatically as it knows how that this act authorizes no such

a program. The Defense Production Act as its very name implies is designed to increase production. To control profits would do the very contrary. If the Congress sees fit to control profits it will do so through tax legislation and do it through its Finance and Ways and Means Committees, as it did last year when it enacted the excess-profits tax and renegotiation laws. Your committee hastens to add, however, that it realizes that the price and production control cannot operate without having some effects on profits. But that is the residual effect, and profits, as such, still may be increased or not depending on the ingenuity and productive genius of the entrepreneur. Once we try to control or destroy the germ of our American enterprise system, we only destroy ourselves. The clear and unmistakable intent of your committee is that this act does not authorize a profit-control program.

ALLOCATIONS AND PRIORITIES

Your committee was urged to amend the language of title I of the Defense Production Act of 1950 to incorporate specific formulas for the allocation of adequate materials to continue civilian production wherever this is consistent with military needs. It was also urged to make other specific statutory allocations of materials to certain users. Because your committee was of the opinion the inclusion of such provisions in this case might create undesirable inflexibility in the administration of allocation and priority powers, it decided not to recommend amendment of the act in these respects.

Your committee considered the need for flexibility in granting the allocation authority in the Defense Production Act of 1950, and, in presenting S. 3936 on the Senate floor last year, the following statement was made by the chairman of your committee:

The powers granted in this bill are great. Their very flexibility, so necessary to accomplish our purposes without harm, raises the possibility of abuse. Your committee considered the possibility of limiting the powers or imposing arbitrary restrictions on the President. Your committee did not adopt this negative view. Instead, reliance was placed upon requirements of consultation with industry and other persons affected by regulations and on the "watchdog committee" set up in the bill. These positive measures to protect the public interest will be more valuable, in our judgment, than any negative measures we could have provided.

While neither your committee, nor those of its members who are members of the "watchdog committee," have agreed in every instance with the decisions of the officials administering the act, we have felt that our original recommendation was correct—that flexibility of authority, tempered by consultation with industry (a policy which has been disregarded all too often and which your committee feels should be emphasized much more) and tempered by the scrutiny of the "watchdog committee," is far superior to arbitrary rules and formulas imposed by statute.

Under the present flexible priority and allocation authority the executive branch has been able to prohibit recreational and amusement construction, to direct materials to the freight-car program, to limit the use of tin and other materials by specification controls and by prohibiting their use where substitutes will do, to institute a controlled materials program for steel, copper, and aluminum, and to prohibit American-flag vessels from discharging at any port in the world any cargo destined to Communist China or even from calling at any port in Communist China.

The act now authorizes these and many other types of controls over materials: Restrictions on imports and exports, rationing, and innumerable other production and distribution controls. It is to be hoped that most of these additional controls will not be needed, but if they are needed, arbitrary limitations imposed by statute might prevent the most effective use of the allocation authority.

Your committee wishes to emphasize the statement in the declaration of policy in section 2 of the act, that the powers conferred by the act are to be used to prevent—

undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use, within the framework, as far as practicable, of the American system of competitive enterprise.

Direct military needs must, of course, be considered and tended to first. Then in fields such as farm machinery, fertilizer, and freight cars, where there are unquestionably bona fide needs, adequate allocations and priorities orders must also be made by the agencies administering the act. However, the requirements of so-called defense-supporting and essential civilian industries should be carefully screened to make certain that they represent bona fide needs to support defense requirements. These agencies should be wary of the claims of those who exaggerate the needs and essentiality of their particular industries to obtain the benefits of allocations and priorities as defense-supporting or essential civilian industries.

Your committee appreciates that the defense-supporting industry category is much broader than it has been in past wars, and that there is frequently no clear line of distinction between essential and non-essential industries. Our experience with export controls has made it clear that the essentiality of a product to a nation's mobilization program depends on many things: the supply, the availability of substitutes, the place the material fills in the Nation's economy, and the like.

Your committee is in agreement with Mr. Fleischmann's statement, on page 2780 of the hearings, of the NPA position on this point:

It is indeed the position of the NPA that no sharp distinction can be made between the essentiality of products without reference to the quantity to be produced. Thus the twenty-thousandth tank produced this month (if this could be done) would be of less essentiality to the Nation than the first railway car, a valve to maintain New York City's water system, or even the first passenger automobile.

In the current phase of mobilization, the defense-supporting and essential civilian category of industry is not all-inclusive and should be most carefully screened. Many of the requirements of these industries can and should be filled in the ordinary course of business, without governmental intervention. The claim of essentiality should not be used to let certain concerns gobble up materials which otherwise would continue to flow through normal business channels and increase goods made available for civilian consumption. In our present twilight of part peace, part war, our normal base of civilian production with its concomitant full employment of wage earners should be preserved and encouraged to as great an extent as possible consistent with direct military needs and the minimum of defense-supporting and essential civilian demands. At the same time, in accordance with the act's policy, the powers should be used where necessary to prevent undue strains and dislocations.

Your committee expects that the agencies administering this act will keep these principles in mind in carrying out the powers granted under the act, and will exercise wise judgment and sound discretion in applying them to specific situations.

SMALL BUSINESS AND THE DEFENSE EFFORT

Experience under the Defense Production Act has demonstrated clearly the dangers to our free competitive economy and to independent small business which your committee foresaw last year. Constant vigilance must be exercised of all officials carrying out the program, to prevent undue concentration of industry and to prevent injury or destruction to innumerable independent small enterprises which frequently are less able to shift to defense production and less able to take care of themselves in a disturbed and partly controlled economy.

This problem permeates the entire mobilization program. Small business must be given a fair chance to bid or negotiate on procurement contracts; small business must receive fair consideration in the handling of applications for accelerated tax amortization and loans under title III of the act; small business must be fairly represented in the agencies administering the act and on advisory committees in those agencies; and the orders and regulations must provide for fair treatment and a fair distribution of materials for small business.

Your committee recognizes that many concerns will be hurt by the mobilization program, and that many small concerns will be among them. Your committee also recognizes that efforts have been made by the agencies to give proper consideration to independent small business.

However, your committee does not consider that enough is being done, that the agencies, or at least many officials in the agencies, are sufficiently aware of the importance of giving full and fair consideration to small business in every phase of the mobilization program. Without this vigilant attention to the needs of small business, the mobilization program will suffer, their skilled labor forces and managerial talents may be dissipated, and the contribution which could be made by thousands of energetic and capable businesses would be lost. Equally important, in the long run perhaps more important, is the injury which will result to our free competitive economy unless small business receives full and fair consideration in all aspects of the mobilization program and is permitted to make its full contribution to the defense program.

Your committee urges with all the emphasis at its command that the agencies review their policies and procedures to eliminate anything which might adversely affect independent small business and to take every step which might insure full and fair consideration to their needs.

Because your committee considered that the present legislative provisions do not provide sufficient protection and assurance to small business, serious consideration was given by your committee to an amendment which would establish a Small Defense Plants Corporation to assist and protect small business. Your committee tentatively decided to incorporate this amendment in the bill, but, because of questions concerning the effect of some of the provisions on small business and the mobilization program, your committee decided that

it was unwise to adopt the amendment without further information on these points. Accordingly your committee determined, in order to report out the most effective and helpful bill possible, to hold hearings on the Small Defense Plants Corporation proposal within a week, and to report a bill on the subject within 3 weeks.

ADVERTISING MATTER

In section 402 (e) (iii) of the law, Congress expressly exempted, among other items, rates charged for advertising in newspapers, magazines, radio and television broadcasts, and outdoor-advertising facilities. The Office of Price Stabilization extended this advertising exemption by regulation to other general and specific categories, after finding that such exemption would not result in inflationary price rises and would ease the complexities of administration. Clearly this extension of exemption for advertising matter is in accord with the intent of Congress and your committee.

Your committee is unable to understand, however, why book matches were specifically excluded, by name, from the regulatory exemption of advertising matter printed on paper. By no stretch of the imagination could book matches be held to have any effect on inflationary price rises. It is common knowledge that book matches are manufactured and distributed for almost exclusively advertising purposes. More often than not they are given away free of charge to the user. Your committee recommends, in view of these facts, that book matches for advertising purposes be treated in the same manner as other advertising matter printed on paper.

RETAILERS MARGINS OF PROFIT

Your committee received testimony on need for the maintenance of the May-June 1950 margins of profit to retailers operating on a percentage discount or mark-up basis. The Defense Production Act in its present form now requires that due consideration be given to margins, among other factors, and your committee expects that such consideration will be given in establishing ceilings. Where the retailer's expenses, in the form of commissions and the like, go up with the cost of the product, consideration must, of course, be given to these increases in costs incidental to the primary increase in costs.

AMENDMENTS

EXTENSION OF THE DEFENSE PRODUCTION ACT OF 1950

(Section 1, page 1 of bill)

The bill provides for extension of title I (Priorities and Allocations), title II (Authority to Requisition), and title III (Expansion of Productive Capacity and Supply), together with the voluntary agreement and administrative authority in title VII, in full force to June 30, 1952, and to June 30, 1953, to the extent necessary to aid in carrying out contracts relating to national defense entered into by the Government prior to July 1, 1952. Title IV (Price and Wage Stabilization), title V (Settlement of Labor Disputes), and title VI (Control of Credit) would be extended through February 29, 1952.

The February 29, 1952, date for the extension of titles IV, V, and VI was chosen because it was felt by your committee that it was necessary to review the program again in the near future. As a result of the delay in the imposition of general price and wage controls, the stabilization program has not been underway for a long enough time to warrant a thorough evaluation of the statute and its effects. How much the present difficulties are the result of administrative deficiencies, how much the result of the delay in starting the program so late, and how much these difficulties are the result of possible deficiencies in the statute, cannot, in our judgment, be determined at this early date. By next winter, also, it will be possible to make a better appraisal of the impact of the defense program on our economy. By that time the making of military obligations should be in full swing, deliveries to the military extremely heavy, the expansion of industrial facilities at its peak, and the pressure on prices and wages very heavy.

The same considerations also apply to the extension of titles I, II, and III, which are concerned primarily with channeling and increasing supply and production. Here, however, it seemed to your committee appropriate to extend the powers to the end of the fiscal year, partly because the operations of the NPA and other agencies exercising the allocations authority are so closely tied to quarterly production schedules and require so much advance scheduling and lead time, and partly because of the longer-run phases of the various programs under the title III authority for increasing production. The limited extension of these powers from July 1, 1952, to June 30, 1953, to aid in carrying out defense contracts entered into before July 1, 1952, was continued, in the light of the testimony presented before your committee to the effect that the military programs and the necessary expansion of productive capacity would continue into 1953. It is not clear at this time, of course, what defense contracts made before July 1, 1952, will have to be carried out during fiscal 1953, nor what priority allocation, requisitioning authority under titles I and II, or what contracting, loaning or subsidy functions under title III will be needed in fiscal 1953 to carry out those contracts. But your committee feels that there can be no question as to the desirability of providing broad authority under titles I, II, and III, to whatever extent is necessary for the purpose of carrying out any such contracts.

LIMITATION ON ROLL-BACKS

(Section 2, page 2 of bill)

Much testimony was presented to your committee on the subject of price roll-backs, particularly as they were applied to beef. The evidence showed that the threat of future roll-backs, possibly even to pre-Korea price levels, was acting or might act as a deterrent to production, by imposing an undue risk on the processing, financing, and distribution of commodities.

The Government has had, since the general price freeze in January 1951, 5 months to roll back any prices which were seriously out of line. Producers should not be required or expected to go on indefinitely not knowing whether their prices will be rolled back to a pre-Korea level.

Since anything which hampers production has an inflationary tendency, your committee came to the conclusion that it would contribute to the stabilization program to impose limitations on the authority to roll prices back.

At the same time, your committee was of the opinion that the roll-backs which had already taken effect could not reasonably be considered a hardship on producers, or a threat to production. Consequently, the decision was made not to recommend cancellation of roll-backs taking effect before the enactment of the amendment.

While the provision adopted by your committee is in some respects similar to a change in the base date (May 24-June 24, 1950), your committee was of the opinion that such a change was not necessary or desirable. In those cases where fair and equitable ceilings can be maintained below the 1951 levels, either by reason of roll-backs which have already taken effect or by reason of possible future orders not involving roll-backs which could freeze prices below the January 1951 levels, your committee considered that the stabilization program would be strengthened, without injury to the producer or a threat to production.

Accordingly, with a view to increasing production, your committee adopted a provision limiting the extent to which prices could be rolled back.

The provision prohibits roll-backs which take effect after the enactment of the provision and which roll the price below the price prevailing during the period from January 25 to February 24, 1951. This period was selected in the light of the action of the executive branch in freezing the general price level on January 26, 1951.

The provision does not cancel roll-backs which have already taken effect; it permits roll-backs which do not reduce prices below the January-February 1951 level if the ceiling is set at the price immediately preceding the issuance of the regulation, thus involving no roll-back. It should be noted that the provision does not permit ceilings to be imposed on agricultural commodities at levels below the minimum levels now prescribed in section 402 (d) (3) of the Defense Production Act.

Hold the line

In the Defense Production Act which your committee recommended last August to this body and which the Congress subsequently enacted with amendments, a base period was provided, May 24-June 24, 1950, which was intended to serve as a standard for the determination of maximum price ceilings. It was the earnest desire and intent of your committee that in the administration of the price stabilization program prompt steps would be taken to keep prices in a reasonably satisfactory relationship to prices existing in this normal pre-Korean War period. Instead prices were allowed to go on their merry upward way, in spite of the pleading of many members of your committee, the Congress, and other patriotic citizens.

Finally, after 4 months had passed and new price levels and price relationships had enmeshed themselves in the economy, the General Ceiling Price Regulation was issued on January 26 and prices were fixed at the maximum price existing for each commodity during the period December 19, 1950-January 15, 1951. The base period was

not the one recommended by Congress and could just as well have been fixed for any prior period.

Since the issuance of that general regulation, so-called tailored price ceiling regulations have been issued. Some, it is true, provide for roll-backs from the general freeze date but many new regulations are providing for price increases over the ceilings on the freeze date—in the name, of course, of maintaining proper price relationships.

Your committee has heard enough evidence to be convinced that any method or any base which may be chosen will result in a certain amount of arbitrariness and relative inequity. Since it is convinced that industry possessed as it will be of the certain knowledge that it will not suffer any further price roll-backs beyond January 24–February 24 and since there will be considerably less wasted effort and irritation, production will be that much greater. However, your committee is likewise concerned that while prices cannot be rolled back beyond January 24 they are likely in view of recent actions to be rolled forward. While your committee realizes that to fix in the law a price freeze on the date of January 24 would be impractical, and in very rare instances perhaps unworkable, it urges that the Price Administrator hereafter in fixing any maximum ceiling not fix a maximum ceiling at a higher price than the minimum price existing for the commodity in the period January 24–February 24. This will once and for all stop any further price increase based on other price increases that were in turn based on other price increases. The vicious circle of price increases must be broken sometime and by someone. Your committee is satisfied that unless it urges what to some may appear and will be called an arbitrary action, the easy way—the inflationary way—will be taken. Your committee is not convinced that the so-called anti-roll-back amendment will cause a general upward increase in prices across the board as some suggest. Quite the contrary, it is your committee's opinion that it will result in a leveling out and a price level lower than would otherwise be the case.

LIMITATIONS ON CREDIT CONTROLS FOR AUTOMOBILES

(Section 3, page 2, of bill)

When the Defense Production Act of 1950 was under consideration by your committee it was apparent that demand for consumer goods had been rising rapidly even before the Korean crisis, and that consumer credit had been a major factor in expanding this demand. This expansion was being greatly accelerated as a result of the Korean crisis, and was recognized as an important factor contributing to the growing inflationary pressure. Following expiration on June 30, 1949, of the authority of the Board of Governors of the Federal Reserve System to exercise control of consumer credit, such credit had increased at an average annual rate of about \$3 billion, and in the month of May 1950 the increase in such credit was at the annual rate of \$6 billion.

By far the greater portion of consumer credit is installment credit, especially for the purchase of durable goods. Of the total increase in consumer credit above referred to, 83 percent was in installment credit. Following the removal of consumer credit controls on June 30, 1949, reduced down payments and extended periods for deferred payments became general.

Your committee last August recognized the fact that the extraordinarily high and increasing demand for consumer goods was being greatly accelerated by the easy credit terms which prevailed after the removal of controls. It was clear in this situation that demand for consumer goods tended to outrun supply, with consequent rapid rises in prices, which were approaching record levels. It was clear also that increased requirements for military purposes would further aggravate the situation, and that unless prompt action was taken the country would be faced with serious problems of gray markets and spiraling prices.

Such was the situation that prompted enactment of section 601 of the Defense Production Act of 1950. The section revived the authority of the Board of Governors of the Federal Reserve System to exercise consumer-credit controls in accordance with the provisions of Executive Order No. 8843 (August 9, 1941) until such time as the President might determine that the exercise of such controls was no longer necessary, but in no event beyond the date of termination of the section.

Exercising the authority conferred by this section promptly, the Board of Governors of the Federal Reserve System on September 18, 1950 (10 days after the bill became law), issued regulation W, applying to the business of extending installment credit in amounts of \$5,000 or less. Among other provisions, the regulation required down payments of one-third on passenger automobiles designed for the purpose of transporting less than 10 passengers, including taxicabs, and payment of balances due in 21 monthly installments. Less than a month later—October 16, 1950—the period allowed for completing deferred payments was reduced to 15 months.

This drastic restriction was established just when expansion of defense industries was bringing about extensive migration among workers, thousands of whom needed automobiles for transportation to and from their places of employment. It became exceedingly difficult—in many cases impossible—for such workers, as well as other low-income persons, to acquire needed transportation because they were unable to meet the larger monthly payments necessary under the shortened period for completing payment. Complaints from persons so situated were received in great numbers by members of your committee to the effect that employment in defense industries was available to them, but that they were unable to provide themselves with transportation to and from the place of employment, and unable to secure living accommodations at the plants where employment was available.

Data received by members of the committee also established the fact that moderate- and low-priced cars—the type needed by defense workers and other low-income persons—were accumulating in the hands of dealers and manufacturers. Plants and workers were becoming idle and the resulting decreased production only served to intensify the inflationary pressures rather than reducing them. Abundant evidence of these facts was presented to your committee as well as to the Joint Committee on Defense Production. It is our understanding that similar evidence has been presented to the Board of Governors of the Federal Reserve System, but the Board has not seen fit to liberalize the terms of regulation W as applied to the purchase of automobiles.

Your committee is convinced that the representations made as to conditions prevailing in the field of installment purchases of automobiles are sufficient to justify enactment of a statutory requirement that no more than one-third down payment and not less than 18 months for completion of deferred payments shall be prescribed by the Board of Governors of the Federal Reserve System for installment purchases of automobiles under the authority conferred by the Defense Production Act of 1950, as amended. Your committee's sole purpose in approving this provision is to extend from 15 to 18 months the maximum maturity for deferred payments on automobiles, and to prevent a higher down payment than 33½ percent as now provided in regulation W. No change in the method of calculation is intended.

In arriving at this decision your committee wishes to emphasize its conviction that the administration of controls over consumer credit by the Board of Governors of the Federal Reserve System should be sufficiently flexible to permit relaxation or tightening of the regulations in accordance with the conditions prevailing in the respective segments of the economy to which the regulations apply. Specifically, it is your committee's view that relaxation of the control regulations should be promptly effected when it becomes evident that accumulation of inventories seriously threatens to impede production with resulting unemployment in the industry affected. Conversely, controls should be tightened when it becomes apparent that the supply of the articles affected tends to fall below demand. An important element in the desired flexibility of credit control regulations is promptness in making changes to meet changed conditions of the type above indicated.

Real-estate credit control

It is your committee's further firm conviction that regulations for the control of real-estate credit, authorized under sections 602-605 of the Defense Production Act of 1950, should be relaxed insofar as they tend to retard the production of adequate housing in officially designated critical defense areas as provided for in section 204 (m) of section 5.

REPEAL OF TITLE III APPROPRIATION LIMITATION

(Section 4, page 3 of bill)

This amendment would delete the present ceiling on appropriations for the expansion of productive capacity and supply under title III. Section 304 (a) now provides borrowing authority in the amount of \$600,000,000 for this purpose, and section 304 (b) contains additional appropriation authority in the amount of \$1,400,000,000. Of this authorization \$1,000,000,000 has already been appropriated to cover purchases and resales, commitments to purchase, and loans during the fourth quarter of fiscal 1951.

This would leave only \$400,000,000 available for appropriation for the entire fiscal 1952. Such a limited amount for the purpose of increasing productive capacity and supply, in the magnitudes described earlier in this report, would be hopelessly inadequate.

Your committee therefore removed the specific limitation. Requests for appropriations for these purposes will, of course, be scrutinized by the respective Committees on Appropriations and passed upon by the Congress.

EXTENSION OF THE HOUSING AND RENT CONTROL ACT OF 1947

(Section 5, page 3 of bill)

On June 6 of last year your committee recommended an extension of Federal rent control to June 30, 1951, which it believed consistent with the policy of Congress to terminate Federal rent control at the earliest possible time and to provide for an orderly transition to a free rental market. Your committee stated in its report:

This bill will achieve two major purposes: It will prevent hardship and economic dislocation for millions of citizens and at the same time it will insure an orderly transition to a free rental market.

The bill recommended was a decontrol bill in that it provided four methods of decontrol, three of which were based on local self-determination. It was the belief of your committee that the easiest transition to a free rental market was to give local governing bodies the authority to remove rent control and further to require local bodies to request affirmatively controls if they were to continue in the community after January 1 of this year. At that time it was the consensus of your committee that on June 30 of this year rent control at the Federal level should, and would, be permitted to die.

The day after the Housing and Rent Act of 1950 became a law marked the outbreak of the present Korean conflict. Since that time a vast mobilization program has been undertaken. Legislation has been provided for economic stabilization and we are engaged in an all-out defense effort.

In the meantime, rent control would have expired in a very large number of communities on December 31, 1950, through failure of the local governing bodies to act affirmatively for continuance of Federal rent control. When your committee began looking into this potentiality on November 29, 1950, it was reported that about 1,700 incorporated places with a population of 27,839,000 and an estimated 3,750,000 rental units had failed to act. Your committee felt it necessary to extend the automatic decontrol date to give the new Congress an opportunity to review the entire matter of rent control in the light of the total mobilization program. The Congress extended the date to March 31, 1951. Again in March the date was extended to June 30, 1951.

Present need

In the light of these new and changed conditions your committee conducted a thorough hearing on the need for further Federal rent control. Government officials, representatives of landlords, tenants, veterans, labor and consumers, and individual property owners were heard on the question. After a careful study of the testimony your committee feels that Federal rent control should be continued during the present national emergency in order to assist in the achievement of over-all economic stabilization and in the interest of our vast defense effort.

Evidence presented to the committee left no doubt whatsoever that there exists a very serious housing shortage in a large number of communities, particularly in areas around reactivated and expanded military establishments and areas to which large numbers of workers are migrating because of increased work in defense plants. Testimony on behalf of the military as well as that of other Government

officials indicated that in many areas around military installations exorbitant rents are the rule rather than the exception. This information came from exhaustive surveys made by the Army, Navy, and Air Force and presented by them to your committee.

Your committee also received a number of communications from commanding officers of military posts telling of exorbitant rents being charged GI's and their families and the wholesale increases in rents in and around these military establishments as the limited supply of vacant housing accommodations diminish. Your committee also has been informed that vital defense work is already being held up and will suffer even greater delays because of the inability to secure or retain the manpower required because of the high rentals being asked for the housing accommodations still available.

A typical example of what is happening around military installations may be taken from the Detroit (Mich.) Free Press, March 7, 1951:

SELFRIDGE AIRMEN CITE RECKLESS RENT BOOSTS

MOUNT CLEMENS.—Excessive rent increases have been imposed on Selfridge Field Air Base personnel, a spokesman for the base charged.

Capt. Arthur J. McConnell, Jr., public information officer, declared that some of the increases imposed on 800 military families were reckless.

He said Col. James R. Gunn, base commander, had recommended a continued survey of the situation by unit commanders.

The Selfridge Flyer, air-base publication, complained of the increases in a front-page editorial.

Controls were lifted a week ago despite protests by Colonel Gunn.

The following instances were cited:

An airman who had been paying \$55 a month for a \$45-ceiling apartment has been asked to pay \$80.

A rental which had been \$75 was raised to \$125.

The 1950 census reported a vacancy rate country-wide of only 1.1 percent for nonseasonal, nondilapidated dwelling units offered for rent. The Housing Expediter reported that housing surveys in 100 cities indicated less than two-thirds of 1 percent of units vacant. The Bureau of Labor Statistics recently reported that—

In nine areas where rents have been uncontrolled * * * from 28 to 70 percent of all rental units have experienced rent increases * * * The average rise in rents since mid-1949 for the nine decontrolled cities was 19.8 percent. In contrast the cities which remained under control rose an average of 3.5 percent.

These surveys were made several months ago and in areas where presumably the vacancy ratio was nearer normal. Your committee was persuaded that with the slowing down of new residential construction and the sudden expansion in the demand for rental housing accommodations in many industrial and defense areas, rents without reasonable control in these areas would increase inordinately and cause inflationary pressure on wages and all segments of the economy.

Testimony on the part of mobilization officials, including the Defense Mobilizer and the Chairman of the Munitions Board, urged that the authority to stabilize rents is essential to the successful prosecution of our industrial expansion and military procurement program. It was insisted that without such controls there would be a serious morale problem as well as a large turn-over in workers with the resultant additional expense involved in training new workers.

Provisions of the bill

Controls in critical areas.—In the light of this and other testimony your committee, fully cognizant that the Congress prior to Korea was definitely committed to an early termination of Federal rent control, feels that authority should be granted to impose or reimpose controls in certain limited areas. The bill as reported therefore, provides authority for the recontrol or control of maximum rents in "critical defense housing areas." Such controls can be imposed only upon the designation of an area as a critical defense housing area by the Secretary of Defense and the Defense Mobilizer, acting jointly, under certain well-defined standards. In order for such an area to be so designated, all of the following conditions must exist:

1. A new defense plant or installation has been or is to be provided, or an existing defense plant or installation has been or is to be reactivated or its operation substantially expanded;

2. Substantial in-migration of defense workers or military personnel is required to carry out activities at such plant or installation; and

3. A substantial shortage of housing required for such defense workers or military personnel exists or impends which impedes or threatens to impede activities of such defense plant or installation.

In addition, your committee felt that, since the need for rent control as an aid to the defense effort is not limited to any particular type of housing accommodations, authority should be granted to impose controls on all types of housing, including those heretofore exempted from controls, such as new construction since February 1947, conversions, hotels, motor courts, and the like.

Rent control can continue in such areas only so long as the area is determined to be a critical defense housing area. In addition, the local option provisions of the present act are applicable to critical defense housing areas with the proviso that controls may be reimposed upon a further certification after the expiration of 30 days from the date of the local option decontrol.

Relaxation of regulation X.—Your committee is well aware that rent control is not the answer to a housing shortage. The only real solution is the building of additional housing. For that reason your committee has included in the bill a provision that when an area is certified as a critical defense housing area, real-estate construction credit control shall be relaxed. Your committee feels that this is a necessary incentive toward the creation of sufficient construction as to make possible an earlier termination of rent control.

Recontrol by local governing bodies.—Under the present law in an area that has been decontrolled through action of a local governing body Federal rent control may not be reimposed in any manner. Your committee feels that provision must also be made permitting the local governing bodies to reimpose Federal rent control where heretofore they had the authority to remove those controls. Your committee is well aware that the housing situation in many localities has changed substantially as a result of our defense effort. Where there were vacancies there are now shortages; where landlords were in competition for tenants, now tenants are in competition for the accommodations. In the operation of the democratic processes at a time of national emergency your committee feels that it is only just and fair to permit recontrol upon initiative of these same local governing bodies. Such a provision is now included in the bill.

Local and State rent control.—Testimony before the committee indicates that at least one State and some local communities have their own local rent control. Your committee feels now, as it did a year ago, that rent control, whenever possible, should be handled by local law and local authorities. While circumstances of the moment necessitate that Federal controls should be continued, where local controls are in effect and are adequate they should be permitted to continue and the Federal Government should not be permitted to reimpose its controls.

Accordingly, safeguards are placed in the bill to continue effective State and local controls by providing that Federal controls cannot be reimposed unless and until the rent component of the Consumers Index of the Bureau of Labor Statistics for such State or locality has increased more than the rent component of the index for the entire country during any 6-month period.

Twenty percent increase.—In considering new rent-control legislation your committee was quite concerned with the position of landlords, particularly the small landlords who rely upon the income from one or two pieces of property for their livelihood. Every known avenue was considered to find some method to provide landlords a satisfactory income from their property so that, to some extent at least, the landlord's, particularly the small landlord's "take-home pay" was in line with the relative position of others in our economy.

The testimony of the Housing Expediter relative to adjustments granted during the past year indicates that the amount of the adjustments has been liberalized and the procedures have been simplified. With the aid of local rent advisory boards a simplified procedure was instituted for granting landlords, particularly the small landlords, compensation for increased operating costs. Out of 317 local rent advisory boards in all areas under rent control, 190 adopted the simplified procedure for areas containing approximately 3,200,000 rental units out of the estimated total of 6,700,000 under rent control. The majority of the boards recommended a standard 15-percent increase. Most of the boards which did not adopt the plan felt that other simplified procedures for individual adjustments were adequate. As of April 25, 1951, almost 400,000 such adjustments had been granted.

There was also evidence that during 1950 the landlords' net operating income had increased considerably since 1942. It was not denied that expenses were higher in 1950 but because of additional income through lack of vacancies, elimination of so-called sales expenses, less maintenance and repair expenses, and reduction of nonessential services, the net operating income position of landlords was considerably better than in pre-World War II days. His income after expenses is considerably higher now. Further evidence indicated that the landlords' investment was in good condition in that foreclosures were at an all-time low and sales prices of rental housing had increased very materially over the prewar level. For these reasons some of the members of your committee felt that the present provisions for the adjustments in rent were adequate and no further grounds for an increase in rent should be written into the act. Particularly were these Senators impressed with the work of the local rent advisory boards, composed of volunteer citizens who work in the interest of both landlord and tenant. It was believed that these local citizens could, and would,

as they had during the past year, bring about necessary rent adjustments within the framework of the present act.

On the other hand, other members of the committee, cognizant that all the other items making up the cost of living had increased considerably over that of rent, felt that it was only just and fair to bring landlords into a more favorable position by allowing them rent increases commensurate with the increase in the consumers' cost of living index. They felt that, while landlords' net income might be higher, their dollars still would not buy as many cost-of-living items due to the increased cost of food, clothing, shelter, services, etc.

Your committee stated in a previous report on the Housing and Rent Act of 1949, a slight increase in rent can result in a very large increase in the net return to the landlord. The net return to the landlord is in effect his take-home pay. In the interest of bringing about a satisfactory and equitable solution, your committee was confronted with the problem of determining just what percentage increase in rent was necessary to bring the average landlord's net operating income to such a level as would place him in a more favorable position in contrast with the increase in the over-all cost of living since World War II and at the same time seeking to protect the tenant against an exorbitant increase in his rent bill and ultimately to help check inflation.

Your committee feels, after considered deliberation, that it has reached a just and fair solution of the matter. A 20-percent increase in rents above the level of wartime rents will, in the opinion of your committee, raise the net operating income of landlords sufficiently to place his income in line with the present cost of living. Provision has been made in the bill, therefore, for an automatic increase in rent so that every landlord will be able to collect at least 120 percent of the maximum rent under the Emergency Price Control Act. Adequate safeguards are provided for increases granted for capital outlays, increased services, furniture, furnishings, and equipment under the Housing and Rent Act of 1947 and for hardship and other adjustments granted prior to the present act. Likewise provision is made for a deduction of those increases which individual landlords may have already received under the present act to compensate them for increased costs and expenses, so as to bring all landlords into the same relative position.

Inequity and hardship adjustments.—Provisions of the present act for correction of inequities and hardships are continued. Likewise the local rent advisory board machinery is continued to provide a means of equitable treatment for both landlords and tenants at the local level.

It would be impossible to write a rent formula that would be fair to every landlord in the country or that would place each landlord in the same position. Your committee feels, however, that with this amendment and the continuation of the provision for hardship adjustments, landlords would generally be treated equitably during this period of emergency.

Eviction control.—The testimony revealed that the problem of evictions was acute in areas where serious housing shortages existed. In fact, illegal evictions are difficult to cope with and prevent under the present act. Yet, an illegal eviction is more disruptive of the family life than are illegal overcharges. It was apparent that addi-

tional authority was necessary to correct a deficiency in the present enforcement machinery. Accordingly, the bill makes any person who unlawfully evicts a tenant liable to the person so evicted (or upon civil action by the Government) for reasonable attorney's fees and costs plus liquidated damages. This is similar to the provisions in the present act for damages for unlawful overcharges.

Chicago hotels.—The present act now exempts hotels from control except residential hotels in cities of over 2½ million in population. The practical effect of this is to control residential hotels only in the city of Chicago. At the time this provision was placed in the act accommodations of this type constituted an acute problem in that city. Your committee feels, however, that this provision should now be eliminated. If control of hotel accommodations is necessary in Chicago and it is designated as a critical defense-housing area, ample provision is made in the bill for control in the same manner as such accommodations may be controlled in other critical defense-housing areas.

Government housing.—The bill amends the present act so as to make clear a position that your committee has always taken. It had always been intended that housing owned and operated by the Government should be subject to rent control. Because this was not made explicit in the act it has been construed differently in some quarters and in at least one court decision. Accordingly, the definition of the word "person" is amended by the bill to expressly include the "United States or any agency thereof."

Transfer of rent-control office.—Your committee considered rent-control legislation as a part of the over-all mobilization and stabilization program. It feels that rent control should be a constituent of the agencies dealing with those objectives. Accordingly, the bill abolishes the Office of the Housing Expediter except for liquidation purposes. Further, it places the powers, duties, and functions, heretofore vested in the Housing Expediter, in the President, with the provision that rent control shall be administered through the Office of Economic Stabilization. Appropriate provision is made for the transfer of functions and personnel of the Office of the Housing Expediter to that agency.

Conclusion

In the light of all the facts and circumstances brought to its attention during the extensive testimony your committee is convinced that rent controls should not be removed on June 30 of this year. To do so would not be in the interest of the stabilization of our economy or in the interest of our broad mobilization program. To meet the problem your committee feels rent control should be extended along with price and wage controls, with certain changes that are necessary to gear the new rent-control program to the present mobilization effort as distinguished from a program of rent control geared to early decontrol of rents as contained in the act passed last June. It is the opinion of your committee that the bill accomplishes those objectives.

ADDITIONAL VIEWS OF SENATORS FULBRIGHT, SPARKMAN, DOUGLAS, BENTON, AND MOODY ON THE ANTI-ROLL-BACK AMENDMENT

We are presenting these additional views because we believe that if the Senate enacts this bill, as reported, it will be telling the American public that it does not care about inflation, the strength of our economy, or the value of the dollar.

We believe that the times and the events ahead of us call, if not for a stronger anti-inflation law than the one we now have, then certainly for one no weaker.

Yet the bill reported by your committee is merely a crippled version of the present law, hamstrung, by a single, brief amendment, the so-called anti-roll-back amendment.

The partially controlled inflation that might be achieved under this new bill is certainly better than the chaos of having no bill at all. For this reason, we voted to report the bill.

But we are compelled to state what we believe to be the disastrous consequences of enacting the anti-roll-back amendment, adopted by your committee.

It should be clearly understood that this amendment does not apply to beef alone. It strikes across the board—at prices paid by labor, by business, by farmers.

We are convinced that this amendment will either cripple production or impose upon a war-distorted economy a level of prices drastically higher than today's already inflated prices. The prices paid by farmers will not be exempt. And with the price line thus broken, the wage stabilization level cannot but follow suit.

We will be caught up in the vortex of inflation. Your committee was in agreement upon the evils and the dangers of inflation. We agree that our fight is not on one but on two fronts: against communism from without and inflation from within. We are agreed that a defeat from within would be just as disastrous as a defeat from without—and much less costly to our enemy.

We agree that we must build and maintain our strength, both military and economic, if we are to avert another world war. We know that this will require the expenditure of many tens of billions of dollars for defense purposes, and that this can only mean an ever-widening gap between consumer dollars and consumer goods.

Yet the committee hearings were held during a temporary lull in the advance of inflation, and there was, and still is, a temptation to forget, or to minimize these dangers. We had watched the wholesale price index, which jumped 16 percent from June 1950 to February 1951, hold steady during the last 4 months. And as the hearings closed, wholesale prices had just begun to turn downward. Consumer prices experienced a similar leveling throughout the spring. The effect of this price lull was to make the problem of digging in against inflation less urgent in the public mind.

Yet your committee received abundant evidence that this is merely the lull before the real inflationary storm. Our mobilization effort is now in low gear. Its speed will accelerate during the coming year, bringing on mounting inflationary forces. During the next 12 months, our defense spending will be twice what it has been since Korea. During the past year, actual deliveries to the Defense Department alone averaged just under \$1 billion a month; currently the delivery rate is about \$2 billion a month; over the next 12 months, it will average over \$3 billion a month.

During the first quarter of this year, only 12 percent of our steel supply was being devoted to defense production. By the end of the year it will be 20 percent. Civilian allotments of copper have been cut by 25 percent already, and defense uses of copper continue to rise. One-quarter of our aluminum supply this year will be diverted from civilian to military uses. Only a third of our total stockpile requirements have as yet been met. From 3 to 4 million workers will have to be diverted from civilian to defense production, and we have not yet drawn all of the required manpower into the armed services.

The \$38 billion actual deliveries of defense items during the next year means sharp drains from civilian supplies of goods, and sharply reduced civilian markets; and at the same time it means that \$38 billion will be paid into the hands of businesses and wage earners, which can be used to bid up prices on limited civilian markets—unless effective price ceilings prevent it.

All of this spells one thing: ever shrinking consumer supplies; ever growing consumer demands. Lower Government spending, higher taxes, and tight credit policies can and must help narrow the gap. But as the defense economy shifts from second to high, the gap cannot be totally closed. Direct controls—effective controls—well administered controls—must make up the difference.

The great mass of consumers, who are not prodded by some organized group, often do not express themselves on economic issues until the economic pressures are upon them, and it is too late to take preventive action. During recent months, the necessity of writing to Washington about inflation has seemed postponable. A general feeling arose in Washington that there was no great interest throughout the country in this anti-inflation legislation.

The consumers have no lobby and no lobbyists.

No consumer representative, as such, appeared before the Committee to complain about the \$20 billion that has been taken from consumers through the rising prices of the past year.

Your committee heard no representatives of the American taxpayer, as such, to protest the fact that a Garand rifle that used to cost \$44 now costs \$64, and that last year's tax increase has already been rubbed out by the \$7 billion extra the Defense Department is paying in higher prices.

We believe that the Congress should be the consumer's spokesman. We believe that the Congress should lead and educate, should give the public the facts and help it to face the real dangers, and should not merely follow the tardy spurts of public alarm or public apathy.

We believe the Congress should see beyond this temporary calm, and fix its attention on the pressures of inflation which are coming within the 8-month life proposed for this act.

We have heard it said that the American public and American business will not stand for "a system of price roll-backs or the burdens and complications of controls." We believe that the Congress should begin to ask "What will the American economy stand?" While it may not function ideally under controls, the economy cannot withstand a run-away inflation.

Any effective program for controlling inflation—through tax increases, expenditure cuts, and credit restrictions, as well as the awkwardness of controls—is not likely to be popular. But if the Congress should fail to protect our basic economic structure; if it should stand by while the fires of inflation are burning out our free system, then it would scarcely be doing its duty.

For these reasons, we oppose the anti-roll-back amendment reported by your committee. That is why we have set down, in these additional views, the basis for our conviction that this amendment can only sabotage the entire stabilization program by leading to drastic price increases—and an engraved invitation to a round of wage increases.

PRICE RELATIONSHIPS ARE VITAL TO PRODUCTION

No price lives alone. All prices come in groups, and bear close relationships to each other. The price of raw wool governs the price of woolen worsteds which governs the price of men's suits.

Trying to freeze all prices on a given date is as impossible as trying to freeze a high jumper in midair. Like the high jumper, prices are always in motion; and like the high jumper, they are always somewhat distorted from their normal position.

Any general price freeze, such as the one instituted on January 25, is bound to catch prices out of shape, and "in midair." To go back to the wool example, raw wool prices had jumped from \$2.93 a pound on October 19, 1950, to \$3.90 a pound on the freeze date. But in the same period, the price of 14-ounce men's suiting had only had time to advance from \$4.75 to \$5.24 a yard. In order to bring the suiting prices into line with raw wool prices, OPS had to advance suitings to \$6.70 a yard, which probably increases the price of a man's suit by \$5.11. Without such an adjustment, the suiting manufacturer would have been forced out of business.

A more desirable alternative would be to bring the abnormally high price of wool down, rather than raising the price of men's suits to meet the price of wool. Such a thing would be prohibited by the "anti-roll-back amendment."

The last time we had "normal" price relationships was during the month before Korea (May 24 to June 24, 1950), which is the "base" period established in the Defense Production Act of 1950 as it now stands.

Since then, these relationships have been severely distorted by four events: (1) the post-Korean "scare-buying spree" that took place during July and August; (2) the second "scare-buying" wave that occurred after the Chinese intervention in Korea; (3) the Government's December 19 request that all prices be held voluntarily to their current level, which induced many businesses to hold their prices while costs were rising; and (4) the anticipation, during most of

January, that price controls would ultimately be imposed. These four events meant that on January 25, when all prices were frozen, prices were badly out of shape, and were moving very rapidly. The following table of wholesale price increases between January 1950 and January 1951 indicates the magnitude of the distortions:

BLS wholesale price sub-groups:	Percent increase	BLS wholesale price sub-groups—Continued	Percent increase
Dairy products-----	26. 2	Anthracite coal-----	4. 0
Eggs-----	27. 6	Petroleum and products-----	4. 8
Fruits and vegetables-----	-3. 1	Nonferrous metals-----	26. 6
Hides and skins-----	57. 7	Structural steel-----	6. 6
Shoes-----	18. 6	Lumber-----	10. 6
Cotton goods-----	27. 6	Oil and fats-----	79. 1
Silk-----	77. 7	Rubber, crude-----	134. 1

Admittedly, the general price freeze is unfair, since it freezes all the distortions into the economy. (The January freeze also locked prices at peak levels.) Unfortunately, it is the only way the present price program could start. After the general freeze, it is the job of the price control agency to devise ways of taking each area of the economy (manufacturers, wholesalers, retailers, etc.) out of the general freeze, and of putting them under tailor-made orders that will bring price relationships back into shape.

This "tailored pricing" job has its basis in the setting of manufacturing prices, since it is on these that retail and wholesale prices will be based. This is the principal area in which the pre-Korea base period is used. Each manufacturer is permitted to charge his pre-Korea price (of May 24-June 24, 1950), plus any post-Korea cost increases of materials and factory labor only (in most cases). This is the formula used in the general manufacturer's regulation (CPR 22) and in regulations covering machinery, woolens, cotton textile, apparel, and shoes.

For those manufacturers whose prices have gone up less than their labor-and-material cost increases since Korea, this formula will allow a "roll-forward," as in the case of the woolen suitings, so that prices will catch up with costs. Those manufacturers whose prices have gone up more than their cost increases will be required to bring their prices down into line with their costs. It is this which section 2 of your committee's bill prohibits.

It is also the intention of the committee, as stated in the committee's report, that in the administration of this amendment, not only should prices not be rolled back below the January 25 level; they should also be prevented from rising any further above the January 25 level. In other words, all prices that have not been changed by OPS since January 25 would be frozen solid—with all the distortions of January 25 frozen in. The adjustment that kept our woolen worsted manufacturer in business would no longer be possible.

These distortions of prices are not confined to one industry. They are distortions between business and business, between business and farmers, between business and labor, and between farmer and laborer. They are not easy to work out of the economy. Yet if production is to continue, they must be worked out.

THE SPECIFIC EFFECTS OF THE ANTI-ROLL-BACK AMENDMENT

A. It would mean a general price increase to the level of the highest prices: Unless production is to be stopped, the distortions must be

taken out of the economy. Without an upward adjustment for the rising price of raw wool, the worsted manufacturer cannot continue in business. The anti-roll-back amendment, which forbids downward adjustment of the highest out-of-line prices, leaves only one alternative: to raise all prices into line with the highest general freeze prices.

For example, rayon cloth prices have risen sharply. Rayon converters, who make up clothing, are appealing for a price increase. A planned roll-back of the high rayon prices would be prohibited by this amendment, and clothing prices would have to rise.

The magnitude of the resulting general price increase is impossible to fix accurately. Economic Stabilizer Johnston has estimated it at a 6 percent increase in the Consumers' Price Index, over half as great as the post-Korea inflation we have suffered. The most accurate industry estimate is for the building trades. Without this amendment, a \$1 billion saving will be effected annually. If the amendment is enacted, there will be annual price increases of \$500,000,000 in building materials alone.

B. *It would mean an upward revision of the wage stabilization formula:* if there were a general price increase, not only would the 3,000,000 workers covered by "escalator clauses" rise automatically, but the general formula of the Wage Stabilization Board, which now automatically permits wage increases up to 10 percent since January 1950 would be revised.

In testifying before your committee, Dr. George Taylor, Chairman of the WSB, said:

The central theme of regulation No. 6 was the equity of preserving the standard of living of work, as it existed on January 15, 1950. The Board expressly provided in regulation No. 6 that—

"The Wage Stabilization Board recognizes that there may be further changes in the cost of living. The present policy is adopted for the period until July 1, 1951. The policy set forth herein will be fully reviewed and reexamined before the end of this period" (p. 847, vol. 1, hearings).

C. *It would not necessarily prohibit, but might authorize severe farm roll-backs:* The amendment provides that a price ceiling may be set as low as (a) the price prevailing just before any price regulation is issued or (b) the January 25, 1951, price.

Farm prices are always the first to go down when there is a general price recession. Although the ceiling price on cotton is 45 cents a pound, the October futures, based on the anticipated 16-million bale cotton crop, are now at 37 cents. Under this amendment, OPS could step in tomorrow and place a price ceiling of 37 cents on cotton, since the price prevailing just before the issuance of the regulation was lower than the January 25 price.

If this amendment is designed to prevent the roll-back of beef-cattle prices, it is poorly designed. For if a sudden glut of the beef market broke the average price of beef to \$25 a hundredweight, OPS could step in with a \$25 ceiling.

We believe this amendment could be used to the great injury of the farmers.

D. *It would invalidate all manufacturers' price regulations as well as all reporting work and expenses of over 75,000 manufacturers.*—This amendment would prohibit the use of the pre-Korea-price-plus-cost-increase formula used for manufacturers, since that formula involves a roll-back of prices out of line with the pre-Korea base period, and

since the first regulation to use that formula is not effective until July 2. That would raise the following problems:

(a) All of the expense and work of reporting costs on the part of well over 75,000 manufacturers would be wasted.

(b) The job of devising tailor-made regulations for manufacturers' prices would be delayed by 4 months.

(c) Many concerns have already reported their costs; for them ceilings, involving both roll-backs and roll-forwards, are now in effect. Presumably, these ceilings would have to be canceled if the early reporters were not to be penalized.

E. *It would generally preclude passing on to consumers the advantages of drops in raw-materials costs.*—The price of burlap from India is now softening. If burlap bag manufacturers are now selling at their January 25 levels, it would be impossible to enforce the passing on to the farmer the advantages of the low-cost burlap, since roll-backs beyond January 25 levels are prohibited.

F. *Large price increases would have to be granted those concerns "caught short" by the general price freeze.*—Two general types of concerns would be penalized by the general price freeze unless their prices were raised significantly, to the level of the highest frozen prices:

(a) Those concerns which responded to Government's request for voluntary price ceilings: although this supposition has been deprecated, the fact remains that a great many public-spirited concerns did respond to the Government's request of December 19, and held their prices despite increasing costs.

There are many such cases that can be cited, of which the following are typical: The makers of Dr. Denton's children's apparel, which have the largest plant in the city of Centerville, Mich., held their prices despite rising cotton prices, and have had to seek relief. The Cone Export & Commission Co., which makes denim material in Greensboro, N. C., held its price to 45 cents a yard while the industry price rose to 48 cents.

(b) Makers of heavy capital machinery, whose contracts are fixed far in advance of delivery or production: The Baldwin Locomotive Co. would have operated at an annual loss of \$400,000 had it been kept at the general price freeze level. If the committee intent of no price rises over January 25 is carried out, no adjustments would be possible.

G. *It might prevent the lowering of import prices.*—The placing of a ceiling on domestic wool at 30 percent below the world price, which would have made American importers sell here at a loss, and which kept them from bidding at the world price, brought about a lowering of the Australian wool market, and enabled us to import much-needed wool at lower prices. The only other way this advantage could have been achieved is through a Government buying monopoly on wool, which is strongly opposed by the wool traders. The price of Scandinavian wood pulp might be lowered similarly, were it not for this amendment.

We would also like to raise questions as to the difficulties of interpreting this amendment.

For example, what is meant by "the price prevailing" during the base period? Does this mean the lowest price or the highest price? Does it mean the average price for an industry or the prices that individual concerns were charging?

And why was the base period selected as the month following the general price freeze. Presumably, the intention of the amendment was to prevent roll-backs beyond the general price freeze. Why was the standard for the general freeze—the highest prices prevailing between December 19 and January 25 not chosen?

It must be admitted that to say that the Price Administrator has the authority to roll prices back to June 1950 gives the appearance of a drastic power in the hands of Mr. DiSalle. We believe that this is not a fair phrasing of the present provisions of the law, which require that he "give due consideration to" the prices prevailing in the pre-Korea period. To roll prices back completely, without giving any consideration to cost increase since that date would, we believe, violate the requirement that all price regulations be generally fair and equitable.

On the contrary, the application of the manufacturers' formula, permitting actual cost increases to be added to the pre-Korea price proves to be more moderate in its effect than might be thought. The following table arrays the various price-roll-forwards and roll-backs which result when this formula is applied to the building materials industry. It will be seen that the largest roll-back is 11 percent, whereas there are price advances of 15 and 20 percent. The annual net saving of this regulation is about \$1 billion, since the roll-backs would total \$1.5 billion, and the price advances \$.05 billion.

Commodity	Percent decrease from GCPR	Percent increase from GCPR
Aggregates.....	0	0
Air conditioning equipment.....	2.5	-----
Agricultural drain tile.....	7.5	-----
Brick.....	5.0	-----
Builders' hardware.....	-----	2.5
Cast-iron furnaces.....	-----	15.0
Cast-iron boilers.....	10.0	-----
Cast-iron radiation.....	5.0	-----
Cement.....	0	0
Commercial refrigeration.....	-----	5.0
Concrete blocks.....	5.0	-----
Furnace pipe and fittings.....	10.0	-----
Gypsum products.....	-----	5.0
Glass.....	2.5	-----
Hardboard.....	0	0
Insulation board.....	-----	1.5
Lime.....	0	0
Miscellaneous building products.....	5.0	-----
Metal lath.....	-----	2.5
Mineral wool.....	2.5	-----
Prefabricated buildings.....	-----	5.0
Prefabricated silos.....	0	0
Plumbing brass.....	-----	2.5
Plumbing fixtures:		
China.....	10.0	-----
Cast iron.....	7.5	-----
Steel.....	11.0	-----
Oil burners and stokers.....	2.5	-----
Ready-mix concrete.....	-----	5.0
Roofing.....	-----	5.0
Sewer pipe.....	5.0	-----
Steel furnaces.....	0	0
Soil pipe.....	-----	2.0
Tanks.....	5.0	-----
Stovepipe and fittings.....	10.0	-----
Paint, lacquer, and varnish.....	-----	3.5
Cork products.....	-----	20.0
Valves:		
Brass.....	-----	10.0
Iron.....	-----	-----
Steel ¹	10.0	-----
Fittings:		
Brass.....	-----	5.0
Iron.....	5.0	-----
Steel.....	0	0
Installed sales.....	13.0	-----

¹ Anticipated.

Our economic structure gets its strength from its variety and complexity. Yet these characteristics make the task of price control exceedingly complex. Equally complex is the task of writing price-control laws. The amendment in question is an excellent case in point. It consists of less than six lines. Yet, as we see it, these six lines have the effect of ripping out the level foundations of the price-control structure, and substituting for it the ragged edge of an artificial floor. It destroys much of 4 months' work and experience in the building of a price-control structure. It makes us begin to build again with a completely new set of plans. One of the great complaints about the period immediately preceding the imposition of price controls was the uncertainty of the future. A price-control system was established—tardily, perhaps—and much of the uncertainty began to be resolved. The enactment of this amendment will stir up that uncertainty anew. All this, we believe, is the result of an apparently simple six-line provision.

This amendment was adopted—by a bare majority of your committee—without, we believe, a full appreciation of the many ramifications and implications which we have attempted to set forth in these additional views.

Should this amendment be adopted, it would only be the first among many hundreds that would soon be presented in an effort to correct the inequities and distortions which would be frozen into our economy.

The Congress has often criticized our executive agencies for their ivory-tower approach to problems. In our view, this amendment represents the acme of economic unreality, the height of economic folly.

J. WILLIAM FULBRIGHT.
JOHN SPARKMAN.
PAUL H. DOUGLAS.
WILLIAM BENTON.
BLAIR MOODY:

SUPPLEMENTARY STATEMENT OF VIEWS OF SENATORS DOUGLAS, BENTON, AND MOODY ON PROPOSALS TO STRENGTHEN THE DEFENSE PRODUCTION ACT

Aside from the "anti-roll-back amendment," which we believe will sabotage the entire stabilization program, there were a number of proposals to strengthen the Defense Production Act which we believe are deserving of more serious consideration than they have been accorded. Some of these proposals have been the victims of widespread misunderstanding. For that reason, we believe it of value to set forth some of the points that have been brought forward in their favor.

A. *Date of extension.*—We believe that the 8-month extension provided for in the committee's bill is insufficient and unrealistic. We feel that the Congress will be just as hard-pressed to meet a deadline 2 months after the convening of the next session as it has been in meeting the present June 30 deadline. We believe that the Congress can profit by the experience of an additional 3 months, and that the act should be extended for at least 1 year.

B. *Authority to build defense plants.*—During World War II a greater proportion of our plant expansion was achieved through the Defense Plant Corporation and a lesser portion through the incentives to private concerns of accelerated tax amortization. Most of the plants, though owned by the Government, were built and operated by and ultimately sold to private firms.

In the light of the conduct of the present tax-amortization program, as presented both before your committee and before the Hardy Subcommittee on Expenditures in the House of Representatives, we believe that the findings of the Brewster report that "legal profiteering resulted from certificates of necessity" is still the case. We feel that plant expansion could in many cases be undertaken at less cost to the taxpayer by direct Government building rather than by tax incentives. In cases where plant expansion is achieved only by the promise of a high amortization certificate, coupled with a direct or guaranteed loan and a guaranteed market, the Government is actually assuming nearly all the risk. It seems only reasonable that the Government should also own the equity.

In other cases, such as high octane aviation gasoline or titanium plants, where there is no peacetime use for the product, or in cases where the desired location of a plant involves excessive risk, private enterprise cannot assume such risk, and if the expansion is to be achieved, the Government must build the plants.

C. *Small Defense Plant Corporation.*—Members of the Senate Small Business Committee, who are in closest contact with the problems of small business, are unanimous in their belief that the present provisions of the Defense Production Act are inadequate to assure small business its proper place in our mobilization effort. They also agree that the creation of a Small Defense Plant Corporation, similar to the Smaller War Plants Corporation of World War II, with powers

to assume prime contracts from procurement agencies and subcontract to small business, is desirable. While bearing in mind the hearings that have been scheduled on this legislation, we wholeheartedly endorse this proposal.

D. *Commodity speculation control.*—For many years, the Securities and Exchange Commission has had authority to set margin, or down-payment, requirements for the stock exchanges. Under this authority, shortly after the outbreak of the Korean conflict, margin requirements on the stock exchanges were raised from 50 to 75 percent. In contrast, no such authority exists to regulate margins on the commodity exchanges, which during 1950 handled nearly twice the dollar volume of trading handled by the stock exchanges. Although margin requirements on some markets were raised temporarily during the consideration of the Defense Production Act last year, they are, on the average, only somewhat higher than they were a year ago. The volume of trading in the five principal grains during the first quarter of 1951 was a third greater than in the same quarter of 1950, despite smaller crops of wheat, corn, and cotton.

It is frequently said that for every gainer there is a loser, and for every buyer a seller; yet, when there are more people wanting to buy than there are people wanting to sell, there is an upward pressure on prices. It seems to us wrong that while a workingman must make a third-down payment on an essential automobile, a grain speculator need only make a 7-percent down payment in order to speculate in rye futures. We believe that higher margin requirements should be established which will help separate the professional from the non-professional traders, provided these requirements be not permitted to interfere with legitimate hedging operations.

E. *Additional enforcement powers for the price-control program.*—During the course of the hearings, much was made of the difficulties of enforcing price regulations, and the dangers of black markets. Two proposals seem to us particularly worthy of further consideration and adoption:

(1) *The power to suspend licenses.*—This is one of the most misunderstood provisions that have been proposed for addition to the Defense Production Act. Few people realize that the proposed provisions are almost identical to those used by OPA in World War II; (2) that licenses are granted to all businesses as a matter of right; the President cannot deny any established or new business a license; and (3) a license can only be suspended after a warning notice of a first violation has been sent, and then only by a court after a full court hearing. The experience of the last war showed that while over 32,000 first-violation warning notices were sent, only 325 suspension cases had been filed in a court up to March 1945 and only 101 of these suits resulted in an order of suspension. Former President Herbert Hoover has called the licensing system "the backbone of all control." It is aimed only at the repeated violators, and the experience of the last war indicates that it was not used against the inadvertent or accidental violator.

(2) *Removal of the present \$10,000 limit in penalizing price overcharges.*—Provisions of the present Defense Production Act on treble-damage suits limit the damages collectible for a price overcharge to the amount of the overcharge plus \$10,000. Thus, a \$1,000 overcharge can be penalized to the extent of \$13,000, while a \$500,000

overcharge is only subject to a \$510,000 penalty. The result is that the larger the violation, the cheaper the penalty. We believe that the \$10,000 limit should be removed, leaving the damage ceiling three times the amount of the overcharge. There seems to us no reason why the punishment should not be made to fit the crime.

F. *Limited subsidies as an aid to stabilization.*—There are some commodities in which the production of marginal items can only be undertaken at a cost much higher than the general average. For example, small meat packers cannot derive the same income from byproducts (such as soap) as do large processors; a price that provides a fair margin for the large concerns is too low for the small processors; but a price that provides a fair margin for the small processors results in windfall profits to the larger companies, and means higher meat prices for everyone. The same principle applies in the case of expensive shipments of iron ore by rail in the winter, as compared with cheaper shipment by water in the summer.

In such cases the cost to the Nation can be reduced if the Government pays a subsidy covering the extra cost on that part of the production which is high-cost, thus permitting the general price level to be kept at normal levels. The alternative is to let the price on the low-cost item go up to the level of the highest-cost items—which case the public pays the difference in cost on the entire amount of meat or iron ore, rather than on the high-cost portion alone.

The increase in the general price of a basic commodity results in still further increases in later processing and still higher costs to the ultimate consumer. We believe that the stabilization agencies should have limited authority to use subsidies to promote the objective of stabilization, along the general lines proposed in the original bill, S. 1397. Such subsidies would be paid only on those items which involve high-cost production and not across the board.¹

PAUL H. DOUGLAS.
WILLIAM BENTON.
BLAIR MOODY.

¹ Senator Douglas believes that this authority should be limited to differential subsidies on commodities where the additional cost of inducing greater production rises steeply, as in the case of extending copper mining to the lower-grade ores. Senator Benton believes that the inflationary pressures of the coming months will be so great that the use of general subsidies may well be necessary if the price line is to be held, particularly if the so-called anti-roll-back amendment is enacted. He believes that the stabilization agencies should have the necessary authorization, so that if the need for such subsidies arises, they can appear before the Appropriations Committees to justify the exercise of that authority.

INDIVIDUAL VIEWS OF UNITED STATES SENATOR IRVING M. IVES

This report of individual views is filed in opposition to section 2 of S. 1717. That section would amend section 402 (d) of the Defense Production Act of 1950, and thereby deny the Administrator of the Office of Price Stabilization the power to roll back prices below "the price prevailing during the period January 25, 1951, to February 24, 1951, inclusive." It does not affect the legality of roll-backs effective before June 30 of this year or before the effective date of this legislation.

On September 1, 1950, the Congress passed and sent to the President the Defense Production Act of 1950, which legislation had been introduced on July 19. With other powers granted to the President was control over prices and wages. Congress realized the necessity for immediate imposition of controls. Pre-Korea war orders had to be tripled. By the end of 1951 almost one-fifth of all goods and services produced would be devoted to the matériels of war.

Increase in war orders must be filled by an economy which even before Korea was straining at the leash to fill peak peacetime demand. Unemployment neared rock bottom, and consumer and wholesale price indexes rose sharply in the first half of 1950. Expectations were that prices would rise even further as inventories were accumulated at a rapid rate. With prices already on their way up, the inflationary dangers of tripled war orders in an uncontrolled economy were frighteningly apparent to everyone except the President and his administration.

Almost 5 months passed before prices were frozen. During these 5 months controls were a toothless farce. On December 19, 1950, the Price Administrator requested everyone voluntarily to hold the line. But his pleas generally fell on deaf ears.

The effects of this policy were disastrous. From August to January wholesale prices generally rose over 10 percent, while consumer prices jumped 5 percent. The price jumps of isolated items which play an important part in the consumer's cost of living were even more spectacular during that period. Beef prices, for example, increased almost 25 percent. And beef accounts for almost one-half of the average American's meat diet and for over 13 percent of every dollar spent for food.

Granted that our present judgment of the Price Administrator's action has the benefit of hindsight. Assume that the 5-month recess from September to January was necessary for a staff to be assembled and controls formulated. Still unexplained is the reason why all prices were not controlled in January, and why prices were not rolled back then. An incredible lack of courage seems the only plausible explanation.

Finally, on January 25 partial price controls were imposed. However, even then many important items making up the consumer's cost of living were not controlled. As a result, even with so-called

controls, consumers' prices rose another 5 percent between January and June 1951.

It is apparent to all that drastic mistakes have been made. But this was almost inevitable. Politics and controls do not mix well—this the Administration has taken almost 1 year to discover. At last, however, the Administration is beginning to do now what should have been done 6 months ago. When ceilings were first clamped on, prices should have been rolled back where necessary. This was not done.

These roll-backs still must be made, but the provision in the bill will prevent the Price Administrator from making them. This will throw the whole burden of the past mistakes where it least belongs—on the consuming public. Failure to permit further roll-backs will cause prices to go up even further and perpetuate serious inequities in the existing price structure.

The section, as written, would prevent price roll-backs already announced by the Administrator but not yet in effect. By preventing further reductions in beef prices, this proposal would freeze prices of beef at 35 percent above January 1950 levels. Other prices and wages will be allowed only a 10-percent increase above that level. Also, the series of regulations which started with the general manufacturers regulation (CPR 22) and has been extended to a wide area of machinery and related industries, including machine tools, farm machinery, and other production equipment (CPR 30), woolen yarns and fabrics (CPR 18), cotton textiles (CPR 37), men's and women's apparel (CPR 45), and shoes (CPR 41) would be nullified. These regulations have been issued, but will not become fully effective until various dates after June 30, 1951.

The object of these regulations is to remedy distortions in the "stabilized" price structure. The General Ceiling Price Regulation not only froze prices at the highest level in our history, but also froze them badly out of balance with each other. The Price Administrator has promulgated regulations aimed at eliminating these distortions. Where January 25 prices had risen faster than costs, roll-backs will cut prices. Where prices have not kept pace with costs, prices actually will be moved forward. Thus, the regulations allow increases where prices have not kept pace with costs, while rolling back those prices which jumped beyond—and often far beyond—cost increases. Section 2 of this bill will cripple these regulations. In fact, the committee's action discriminates against those manufacturers who between December 19, 1950, and January 25, 1951, heeded the Price Administrator's plea to hold down prices. For many of them did not raise prices in line with increased costs.

If roll-backs are not permitted, then some prices must be raised. Stabilization requires that prices be related both to each other and to wages in an equitable manner. Because the increase of demand since Korea has not been spread evenly throughout the economy, some prices have risen more than others. Stabilization requires that prices which have skyrocketed be brought into line with prices that have not risen so rapidly. Unless this is done serious inequities may result. For one man's price is another man's cost. And if one man's prices are not controlled, then another man's costs are rising, and his ceiling must in turn be raised. Prices can be brought into line with each other either by raising the lagging prices or by rolling back the skyrocketing ones. Rolling back prices is the only answer.

Two specific examples illustrate what section 2 of this bill will mean in terms of higher prices to the consumer. Consider the case of building materials. Present indications are that CPR 22, which would be nullified, would roll back building material prices \$1,500,000,000 a year, while allowing increases for cost equivalent to \$500,000,000 a year. If the proposed section becomes law, the net result would be changed from a saving of \$1,000,000 to an immediate price increase of \$500,000,000. Similar disastrous results to consumers will stem from nullification of CPR 22 as applied to the chemical industry. CPR 22 would lower chemical prices a total of \$300,000,000 to \$400,000,000 per year. These price reductions would affect synthetic solvents (alcohol, methanol), certain plastics, DDT, and related heavy chemicals. Since chemicals are basic industrial raw materials, this would mean higher prices for a wide range of manufactured goods.

Furthermore, another price rise now would touch off a new round of wage increases. Labor-management contracts covering some 2,940,000 workers are tied to the consumer's cost-of-living price index. As the cost of living rises, their wages must rise. Also, rising prices will provide ammunition for new wage demands by workers whose wages are not specifically tied to the cost-of-living index. As the noted labor economist, Carroll Daugherty, recently wrote:

Wage controls and price controls are closely and intimately related. In the end there is no effective price control without effective wage control, and there is no effective wage-rate control without price control at the retail level. *The only way to hold wage rates down is to hold the cost of living down.*

Thus another price rise would inspire another wage rise, and we would be on our way again along the spiralling path of inflation. This situation cannot be tolerated.

Both consumer and producer interest dictates that section 2 of the bill be rejected.

IRVING M. IVES.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

PUBLIC LAW 774—81ST CONGRESS

CHAPTER 932—2D SESSION

H. R. 9176

AN ACT To establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, provide for price and wage stabilization, provide for the settlement of labor disputes, strengthen controls over credit, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, divided into titles, may be cited as "the Defense Production Act of 1950".

TABLE OF CONTENTS

- Title I. Priorities and allocations.
- Title II. Authority to requisition.
- Title III. Expansion of productive capacity and supply.
- Title IV. Price and wage stabilization.
- Title V. Settlement of labor disputes.
- Title VI. Control of consumer and real estate credit.
- Title VII. General provisions.

DECLARATION OF POLICY

SEC. 2. It is the policy of the United States to oppose acts of aggression and to promote peace by insuring respect for world law and the peaceful settlement of differences among nations. To that end this Government is pledged to support collective action through the United Nations and through regional arrangements for mutual defense in conformity with the Charter of the United Nations. The United States is determined to develop and maintain whatever military and economic strength is found to be necessary to carry out this purpose. Under present circumstances, this task requires diversion of certain materials and facilities from civilian use to military and related purposes. It requires expansion of productive facilities beyond the levels needed to meet the civilian demand. In order that this diversion and expansion may proceed at once, and that the national economy may be maintained with the maximum effectiveness and the least hardship, normal civilian production and purchases must be curtailed and re-directed.

It is the objective of this Act to provide the President with authority to accomplish these adjustments in the operation of the economy. It is the intention of the Congress that the President shall use the powers conferred by this Act to promote the national defense, by meeting, promptly and effectively, the requirements of military programs in support of our national security and foreign policy objectives, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use, within the framework, as far as practicable, of the American system of competitive enterprise.

TITLE I—PRIORITIES AND ALLOCATIONS

SEC. 101. The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders

in preference to other contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense.

SEC. 102. In order to prevent hoarding, no person shall accumulate (1) in excess of the reasonable demands of business, personal, or home consumption, or (2) for the purpose of resale at prices in excess of prevailing market prices, materials which have been designated by the President as scarce materials or materials the supply of which would be threatened by such accumulation. The President shall order published in the Federal Register, and in such other manner as he may deem appropriate, every designation of materials the accumulation of which is unlawful and any withdrawal of such designation. This section shall not be construed to limit the authority contained in section 101 of this Act.

SEC. 103. Any person who willfully performs any act prohibited, or willfully fails to perform any act required, by the provisions of this title or any rule, regulation, or order thereunder, shall, upon conviction, be fined not more than \$10,000 or imprisoned for not more than one year, or both.

TITLE II—AUTHORITY TO REQUISITION

SEC. 201. (a) Whenever the President determines (1) that the use of any equipment, supplies, or component parts thereof, or materials or facilities necessary for the manufacture, servicing, or operation of such equipment, supplies, or component parts, is needed for the national defense, (2) that such need is immediate and impending and such as will not admit of delay or resort to any other source of supply, and (3) that all other means of obtaining the use of such property for the defense of the United States upon fair and reasonable terms have been exhausted, he is authorized to requisition such property or the use thereof for the defense of the United States upon the payment of just compensation for such property or the use thereof to be determined as hereinafter provided. The President shall promptly determine the amount of the compensation to be paid for any property or the use thereof requisitioned pursuant to this title but each such determination shall be made as of the time it is requisitioned in accordance with the provision for just compensation in the fifth amendment to the Constitution of the United States. If the person entitled to receive the amount so determined by the President as just compensation is unwilling to accept the same as full and complete compensation for such property or the use thereof, he shall be paid promptly 75 per centum of such amount and shall be entitled to recover from the United States, in an action brought in the Court of Claims or, without regard to whether the amount involved exceeds \$10,000, in any district court of the United States, within three years after the date of the President's award, an additional amount which, when added to the amount so paid to him, shall be just compensation.

(b) Whenever the President determines that any real property acquired under this title and retained is no longer needed for the defense of the United States, he shall, if the original owner desires the property and pays the fair value thereof, return such property to the owner. In the event the President and the original owner do not agree as to the fair value of the property, the fair value shall be determined by three appraisers, one of whom shall be chosen by the President, one by the original owner, and the third by the first two appraisers; the expenses of such determination shall be paid in equal shares by the Government and the original owner.

(c) Whenever the need for the national defense of any personal property requisitioned under this title shall terminate, the President may dispose of such property on such terms and conditions as he shall deem appropriate, but to the extent feasible and practicable he shall give the former owner of any property so disposed of an opportunity to reacquire it (1) at its then fair value as determined by the President, or (2) if it is to be disposed of (otherwise than at a public sale of which he is given reasonable notice) at less than such value, at the highest price any other person is willing to pay therefor: *Provided*, That this opportunity to reacquire need not be given in the case of fungibles or items having a fair value of less than \$1,000.

TITLE III—EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

SEC. 301. (a) In order to expedite production and deliveries or services under Government contracts, the President may authorize, subject to such regulations as he may prescribe, the Department of the Army, the Department of the Navy,

the Department of the Air Force, the Department of Commerce, and such other agencies of the United States engaged in procurement for the national defense as he may designate (hereinafter referred to as "guaranteeing agencies"), without regard to provisions of law relating to the making, performance, amendment, or modification of contracts, to guarantee in whole or in part any public or private financing institution (including any Federal Reserve bank), by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount, or advance, or on any commitment in connection therewith, which may be made by such financing institution for the purpose of financing any contractor, subcontractor, or other person in connection with the performance, or in connection with or in contemplation of the termination, of any contract or other operation deemed by the guaranteeing agency to be necessary to expedite production and deliveries or services under Government contracts for the procurement of materials or the performance of services for the national defense.

(b) Any Federal agency or any Federal Reserve bank, when designated by the President, is hereby authorized to act, on behalf of any guaranteeing agency, as fiscal agent of the United States in the making of such contracts of guarantee and in otherwise carrying out the purposes of this section. All such funds as may be necessary to enable any such fiscal agent to carry out any guarantee made by it on behalf of any guaranteeing agency shall be supplied and disbursed by or under authority from such guaranteeing agency. No such fiscal agent shall have any responsibility or accountability except as agent in taking any action pursuant to or under authority of the provisions of this section. Each such fiscal agent shall be reimbursed by each guaranteeing agency for all expenses and losses incurred by such fiscal agent in acting as agent on behalf of such guaranteeing agency, including among such expenses, notwithstanding any other provision of law, attorney's fees and expenses of litigation.

(c) All actions and operations of such fiscal agents under authority of or pursuant to this section shall be subject to the supervision of the President, and to such regulations as he may prescribe; and the President is authorized to prescribe, either specifically or by maximum limits or otherwise, rates of interest, guarantee and commitment fees, and other charges which may be made in connection with loans, discounts, advances, or commitments guaranteed by the guaranteeing agencies through such fiscal agents, and to prescribe regulations governing the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guarantees.

(d) Each guaranteeing agency is hereby authorized to use for the purposes of this section any funds which have heretofore been appropriated or allocated or which hereafter may be appropriated or allocated to it, or which are or may become available to it, for such purposes or for the purpose of meeting the necessities of the national defense.

SEC. 302. To expedite production and deliveries or services to aid in carrying out Government contracts for the procurement of materials or the performance of services for the national defense, the President may make provision for loans (including participations in, or guaranties of, loans) to private business enterprises (including research corporations not organized for profit) for the expansion of capacity, the development of technological processes, or the production of essential materials, including the exploration, development, and mining of strategic and critical metals and minerals. Such loans may be made without regard to the limitations of existing law and on such terms and conditions as the President deems necessary, except that financial assistance may be extended only to the extent that it is not otherwise available on reasonable terms.

SEC. 303. (a) To assist in carrying out the objectives of this Act, the President may make provision (1) for purchases of or commitments to purchase metals, minerals, and other raw materials, including liquid fuels, for Government use or for resale; and (2) for the encouragement of exploration, development, and mining of critical and strategic minerals and metals: *Provided, however,* That purchases for resale under this subsection shall not include agricultural commodities except insofar as such commodities may be purchased for resale for industrial uses or stockpiling, and no agricultural commodity shall be sold for such purposes at less than the higher of the following: (i) the current market price for such commodity, or (ii) the minimum sale price established for agricultural commodities owned or controlled by the Commodity Credit Corporation as provided in section 407 of Public Law 439, Eighty-first Congress.

(b) Subject to the limitations in subsection (a), purchases and commitments to purchase and sales under such subsection may be made without regard to the

limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, as the President deems necessary, except that purchases or commitments to purchase involving higher than currently prevailing market prices or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

(c) The procurement power granted to the President by this section shall include the power to transport and store, and have processed and refined, any materials procured under this section.

(d) When in his judgment it will aid the national defense, the President is authorized to install additional equipment, facilities, processes, or improvements to plants, factories, and other industrial facilities owned by the United States Government, and to install Government-owned equipment in plants, factories, and other industrial facilities owned by private persons.

SEC. 304. (a) For the purposes of sections 302 and 303, the President is hereby authorized to utilize such existing departments, agencies, officials, or corporations of the Government as he may deem appropriate, or to create new agencies (other than corporations).

(b) Any agency created under this section, and any department, agency, official, or corporation utilized pursuant to this section is authorized, subject to the approval of the President, to borrow from the Treasury of the United States, such sums of money as may be necessary to carry out its functions under sections 302 and 303: *Provided*, That the total amount borrowed under the provisions of this section by all such borrowers shall not exceed an aggregate of \$600,000,000 outstanding at any one time. For the purpose of borrowing as authorized by this subsection, the borrower may issue to the Secretary of the Treasury its notes, debentures, bonds, or other obligations to be redeemable at its option before maturity in such manner as may be stipulated in such obligations. Such obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligations. The Secretary of the Treasury is authorized and directed to purchase such obligations and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of obligations hereunder.

(c) In addition to the sums authorized to be borrowed under subsection (b), there is hereby authorized to be appropriated to carry out the purposes of sections 302 and 303, such sums [, not in excess of \$1,400,000,000,] as may be necessary therefor.

TITLE N—PRICE AND WAGE STABILIZATION

SEC. 401. It is the intent of Congress to provide authority necessary to achieve the following purposes in order to promote the national defense: To prevent inflation and preserve the value of the national currency; to assure that defense appropriations are not dissipated by excessive costs and prices; to stabilize the cost of living for workers and other consumers and the costs of production for farmers and businessmen; to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities; to protect consumers, wage earners, investors, and persons with relatively fixed or limited incomes from undue impairment of their living standards; to prevent economic disturbances, labor disputes, interferences with the effective mobilization of national resources, and impairment of national unity and morale; to assist in maintaining a reasonable balance between purchasing power and the supply of consumer goods and services; to protect the national economy against future loss of needed purchasing power by the present dissipation of individual savings; and to prevent a future collapse of values. It is the intent of Congress that the authority conferred by this title shall be exercised in accordance with the policies set forth in section 2 of this Act, and in particular with full consideration and emphasis, so far as practicable, on the maintenance and furtherance of the American system of competitive enterprise, including independent small-business enterprises, the maintenance and furtherance of a sound agricultural industry, the maintenance and furtherance of sound working relations, including collective bargaining, and the maintenance and further-

ance of the American way of life. Whenever the authority granted by this title is exercised, all agencies of the Government dealing with the subject matter of this title, within the limits of their authority and jurisdiction, shall cooperate in carrying out these purposes.

SEC. 402. (a) In order to carry out the objectives of this title, the President may encourage and promote voluntary action by business, agriculture, labor, and consumers. In proceeding under this subsection the President may exercise the authority to approve voluntary programs and agreements conferred on him under section 708, and may utilize the services of persons and agencies as provided in section 710.

(b) (1) To the extent that the objectives of this title cannot be attained by action under subsection (a), the President may issue regulations and orders establishing a ceiling or ceilings on the price, rental, commission, margin, rate, fee, charge, or allowance paid or received on the sale or delivery, or the purchase or receipt, by or to any person, of any material or service, and at the same time shall issue regulations and orders stabilizing wages, salaries, and other compensation in accordance with the provisions of this subsection.

(2) Action under this subsection may be taken either with respect to individual materials and services and to individual types of employment, or with respect to materials, services, and types of employment generally. A ceiling may be established with respect to an individual material or service only when the President finds that (i) the price of the material or service has risen or threatens to rise unreasonably above the price prevailing during the period from May 24, 1950 to June 24, 1950, (ii) such price increase will materially affect the cost of living or the national defense, (iii) the imposition of such ceiling is necessary to effectuate the purposes of this Act, (iv) it is practicable and feasible to impose such ceiling, and (v) such ceiling will be generally fair and equitable to sellers and buyers of such material or service and to sellers and buyers of related or competitive materials and services.

(3) Whenever a ceiling has been imposed with respect to a particular material or service, the President shall stabilize wages, salaries, and other compensation in the industry or business producing the material or performing the service.

(4) Whenever ceilings on prices have been established on materials and services comprising a substantial part of all sales at retail and materially affecting the cost of living, the President (i) shall impose ceilings on prices and services generally, and (ii) shall stabilize wages, salaries, and other compensation generally.

(5) In stabilizing wages under paragraph (3) of this subsection, the President shall issue regulations prohibiting increases in wages, salaries, and other compensation which he deems would require an increase in the price ceiling or impose hardships or inequities on sellers operating under the price ceiling.

(c) So far as practicable, in exercising the authority conferred in this section, the President shall ascertain and give due consideration to comparable prices, rentals, commissions, margins, rates, fees, charges, and allowances, and to comparable salaries, wages, or other compensation, which he finds to be representative of those prevailing during the period from May 24, 1950, to June 24, 1950, inclusive, or, in case none prevailed during this period or if those prevailing during this period were not generally representative because of abnormal or seasonal market conditions or other cause, then those prevailing on the nearest date on which, in the judgment of the President, they are generally representative. The President shall also give due consideration to the national effort to achieve maximum production in furtherance of the objectives of this Act. In determining and adjusting ceilings on prices with respect to materials and services, he shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such material or service, including the following: Speculative fluctuations, general increases or decreases in cost of production, distribution, and transportation, and general increases or decreases in profits earned by sellers of the material or by persons performing the service, subsequent to June 24, 1950. In stabilizing and adjusting wages, salaries, or other compensation, the President shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such wages, salaries, or other compensation. Any regulation or order under this title shall be such as in the judgment of the President will be generally fair and equitable and will effectuate the purposes of this title, and shall be accompanied by a statement of considerations involved in the issuance of such regulation or order. The President, in establishing and adjusting ceilings with respect to materials and services, and in stabilizing and adjusting wages, salaries, and other compensation, shall make such adjustments as he deems necessary to prevent or correct hardships or inequities.

(d) (1) Regulations and orders issued under this title shall apply regardless of any obligation heretofore or hereafter incurred, except as provided in this subsection; but the President shall make appropriate provision to prevent hardships and inequities to sellers who have bona fide contracts in effect on the date of issuance of any such regulation or order for future delivery of materials in which seasonal demands or normal business practices require contracts for future delivery.

(2) No wage, salary, or other compensation shall be stabilized at less than that paid during the period from May 24, 1950, to June 24, 1950, inclusive. No action shall be taken under authority of this title with respect to wages, salaries, or other compensation which is inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, or the Labor Management Relations Act, 1947, or any other law of the United States, or of any State, the District of Columbia, or any Territory or possession of the United States.

(3) No ceiling shall be established or maintained for any agricultural commodity below the highest of the following prices: (i) The parity price for such commodity, as determined by the Secretary of Agriculture in accordance with the Agricultural Adjustment Act of 1938, as amended, and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or (ii) the highest price received by producers during the period from May 24, 1950, to June 24, 1950, inclusive, as determined by the Secretary of Agriculture and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or (iii) in the case of any commodity for which the market was not active during the period May 24 to June 24, 1950, the average price received by producers during the most recent representative period prior to May 24, 1950, in which the market for such commodity was active as determined and adjusted by the Secretary of Agriculture to a level in line with the level of prices received by producers for agricultural commodities generally during the period May 24 to June 24, 1950, and adjusted by the Secretary for grade, location, and seasonal differentials, or (iv) in the case of fire-cured tobacco a price (as determined by the Secretary of Agriculture and adjusted for grade differentials) equal to 75 per centum of the parity price of Burley tobacco of the corresponding crop, and in the case of dark air-cured tobacco and Virginia sun-cured tobacco, respectively, a price (as determined by the Secretary of Agriculture and adjusted for grade differentials) equal to 66 $\frac{2}{3}$ per centum of the parity price of Burley tobacco of the corresponding crop. No ceilings shall be established or maintained hereunder for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the highest price therefor specified in this subsection: *Provided*, That in establishing and maintaining ceilings on products resulting from the processing of agricultural commodities, including livestock, a generally fair and equitable margin shall be allowed for such processing. Whenever a ceiling has been established under this title with respect to any agricultural commodity, or any commodity processed or manufactured in whole or in substantial part therefrom, the President from time to time shall adjust such ceiling in order to make appropriate allowances for substantial reduction in merchantable crop yields, unusual increases in costs of production, and other factors which result from hazards occurring in connection with the production and marketing of such agricultural commodity; and in establishing the ceiling (1) for any agricultural commodity for which the 1950 marketing season commenced prior to the enactment of this Act and for which different areas have different periods of marketing during such season or (2) for any agricultural commodity produced for the same general use as a commodity described in (1), the President shall give due consideration to affording equitable treatment to all producers of the commodity for which the ceiling is being established. Nothing contained in this Act shall be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of such Act. Ceiling prices to producers for milk used for distribution as fluid milk in any marketing area not under a marketing agreement, license, or order issued under the Agricultural Marketing Agreement Act of 1937, as amended, shall not be less than (1) parity prices for such milk, or (2) prices which in such marketing areas will bear the same ratio to the average farm price of milk sold wholesale in the United States as the prices for such fluid milk in such marketing areas bore to such average farm price during the base period, as determined by the Secretary of Agriculture,

whichever is higher: *Provided, however,* That whenever the Secretary of Agriculture finds that the prices so fixed are not reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk and its products in any such marketing area, he shall fix such prices as he finds will reflect such factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest, which prices when so determined shall be used as the ceiling prices to producers for fluid milk in such marketing areas.

(4) *After the enactment of this paragraph no ceiling price shall become effective which is below the lower of (A) the price prevailing just before the date of issuance of the regulation or order establishing such ceiling price, or (B) the price prevailing during the period January 25, 1951, to February 24, 1951, inclusive.*

(e) The authority conferred by this title shall not be exercised with respect to the following:

- (i) Prices or rentals for real property;
- (ii) Rates or fees charged for professional services;
- (iii) Prices or rentals for (a) materials furnished for publication by any press association or feature service, or (b) books, magazines, motion pictures, periodicals, or newspapers, other than as waste or scrap; or rates charged by any person in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio-broadcasting or television station, a motion-picture or other theater enterprise, or outdoor advertising facilities;

- (iv) Rates charged by any person in the business of selling or underwriting insurance;

- (v) Rates charged by any common carrier or other public utility: *Provided,* That no common carrier or other public utility shall at any time after the President shall have issued any stabilization regulations and orders under subsection (b) make any increase in its charges for property or services sold by it for resale to the public, for which application is filed after the date of issuance of such stabilization regulations and orders, before the Federal, State or Municipal authority having jurisdiction to consider such increase, unless it first gives 30 days' notice to the President, or such agency as he may designate, and consents to the timely intervention by such agency before the Federal, State or Municipal authority having jurisdiction to consider such increase;

- (vi) Margin requirements on any commodity exchange.

(f) The President, in or by any regulation or order, may provide exemptions for any materials or services, or transactions therein, or types of employment, with respect to which he finds that (1) such exemption is necessary to promote the national defense; or (2) it is unnecessary that ceilings be applicable to such materials or services, or transactions therein, or that compensation for such types of employment be stabilized, in order to effectuate the purposes of this title.

(g) The powers granted in this title shall not be used or made to operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, established in any industry, except where such action is affirmatively found by the President to be necessary to prevent circumvention or evasion of any regulation, order, or requirement under this title.

(h) Nothing in this title shall be construed (1) as authorizing the elimination or any restriction of the use of trade and brand names; (2) as authorizing the President to require the grade labeling of any materials; (3) as authorizing the President to standardize any materials or services, unless the President shall determine, with respect to such standardization, that no practicable alternative exists for securing effective price control with respect to such materials or services; or (4) as authorizing any order of the President establishing price ceilings for different kinds, classes, or types of material or service, which are described in terms of specifications or standards, unless such specifications or standards were, prior to such order, in general use in the trade or industry affected, or have previously been promulgated and their use lawfully required by another Government agency.

(i) No rule, regulation, or order issued under this title shall require any seller of materials at retail to limit his sales with reference to any highest price line offered for sale by him at any prior time.

SEC. 403. At such time as the President determines that it is necessary to impose price and wage controls generally over a substantial portion of the national economy, he shall administer such controls, and rationing at the retail level of consumer goods for household and personal use under authority of Title I of this Act (when and to the extent that he exercises such authority), through a new independent agency created for such purpose. Such agency may utilize the serv-

ices, information, and facilities of other agencies and departments of the Government, but such agency shall not delegate enforcement of any of the controls to be administered by it under this section to any other agency or department.

SEC. 404. In carrying out the provisions of this title, the President shall, so far as practicable, advise and consult with, and establish and utilize committees of, representatives of persons substantially affected by regulations or orders issued hereunder.

SEC. 405. (a) It shall be unlawful, regardless of any obligation heretofore or hereafter entered into, for any person to sell or deliver, or in the regular course of business or trade to buy or receive, any material or service, or otherwise to do or omit to do any act, in violation of this title or of any regulation, order, or requirement issued thereunder, or to offer, solicit, attempt or agree to do any of the foregoing.

(b) No employer shall pay, and no employee shall receive, any wage, salary, or other compensation in contravention of any regulation or order promulgated by the President under this title. The President shall also prescribe the extent to which any wage, salary, or compensation payment made in contravention of any such regulation or order shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any employer for the purposes of any other law or regulation.

SEC. 406. Nothing in this title shall be construed to require any person to sell any material or service, or to perform personal services.

SEC. 407. (a) At any time within six months after the effective date of any regulation or order relating to price controls under this title, or, in the case of new grounds arising after the effective date of any such regulation or order relating to price controls, within six months after such new grounds arise, any person subject to any provision of such regulation or order may, in accordance with regulations to be prescribed by the President, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. Statements in support of any such regulation or order may be received and incorporated in the transcript of the proceedings at such times and in accordance with such regulations as may be prescribed by the President. Within a reasonable time after the filing of any protest under this section, but in no event more than thirty days after such filing, the President shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith. In the event that the President denies any such protest in whole or in part, he shall inform the protestant of the grounds upon which such decision is based, and of any economic data and other facts of which the President has taken official notice.

(b) In the administration of this title the President may take official notice of economic data and other facts, including facts found by him as a result of action taken under section 705 of this Act.

(c) Any proceedings under this section may be limited by the President to the filing of affidavits, or other written evidence, and the filing of briefs: *Provided, however,* That upon the request of the protestant, any protest filed in accordance with subsection (a) of this section shall, before denial in whole or in part, be considered by a board of review consisting of one or more officers or employees of the United States designated by the President in accordance with regulations to be promulgated by him. Such regulations shall provide that the board of review may conduct hearings and hold sessions in the District of Columbia or any other place, as a board, or by subcommittees thereof, and shall provide that, upon the request of the protestants and upon a showing that material facts would be adduced thereby, subpoenas shall issue to procure the evidence of persons, or the production of documents, or both. The President shall cause to be presented to the board such evidence, including economic data, in the form of affidavits or otherwise, as he deems appropriate in support of the provision against which the protest is filed. The protestant shall be accorded an opportunity to present rebuttal evidence in writing and oral argument before the board and the board shall make written recommendations to the President. The protestant shall be informed of the recommendations of the board and, in the event that the President rejects such recommendations in whole or in part, shall be informed of the reasons for such rejection.

(d) Any protest filed under this section shall be granted or denied by the President, or granted in part and the remainder of it denied within a reasonable time after it is filed. Any protestant who is aggrieved by undue delay on the part of the President in disposing of his protest may petition the Emergency Court of Appeals for relief; and such court shall have jurisdiction by appropriate order to

require the President to dispose of such protest within such time as may be fixed by the court. If the President does not act finally within the time fixed by the court, the protest shall be deemed to be denied at the expiration of that period.

SEC. 408. (a) Any person who is aggrieved by the denial or partial denial of his protest may, within thirty days after such denial, file a complaint with the Emergency Court of Appeals specifying his objections and praying that the regulation or order protested be enjoined or set aside in whole or in part. A copy of such complaint shall forthwith be served on the President, who shall certify and file with such court a transcript of such portions of the proceedings in connection with the protests as are material under the complaint. Such transcript shall include a statement setting forth, so far as practicable, the economic data and other facts of which the President has taken official notice. Upon the filing of such complaint the court shall have exclusive jurisdiction to set aside such regulation or order, in whole or in part, to dismiss the complaint, or to remand the proceeding: *Provided*, That the regulation or order may be modified or rescinded by the President at any time notwithstanding the pendency of such complaint. No objection to such regulation or order, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by the complainant in the protest or such evidence shall be contained in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the President and not admitted, or which could not reasonably have been offered to the President or included by the President in such proceedings, and the court determines that such evidence should be admitted, the court shall order the evidence to be presented to the President. The President shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof and any modification made in the regulation or order as a result thereof; except that on request by the President, any such evidence shall be presented directly to the court.

(b) No such regulation or order shall be enjoined or set aside, in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation or order is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court enjoining or setting aside, in whole or in part, any such regulation or order shall be postponed until the expiration of thirty days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (d) within such thirty days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.

(c) The Emergency Court of Appeals is hereby continued for the purpose of the exercise of the jurisdiction granted by this title, with the powers herein specified, together with the powers heretofore granted by law to such court which are not inconsistent with the provisions of this title. The court shall have the powers of a district court with respect to the jurisdiction conferred on it by this title; except that the court shall not have power to issue any temporary restraining order or interlocutory decree staying or restraining, in whole or in part, the effectiveness of any regulation or order relating to price controls issued under this title. The court shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction under this title.

(d) Within thirty days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a United States court of appeals as provided in section 1254 of title 28, United States Code. The Supreme Court shall advance on the docket and expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity of any regulation or order relating to price controls issued under this title, and of any provision of any such regulation or order. Except as provided in this section, no court, Federal, State, or Territorial, shall have jurisdiction or power to consider the validity of any such regulation or order relating to price controls, or to stay, restrain, enjoin, or set aside, in whole or in part, any provision of this title authorizing the issuance of such regulations or orders, or any provision of any such regulation or order, or to restrain or enjoin the enforcement of any such provision.

(e) (1) Within thirty days after arraignment, or such additional time as the court may allow for good cause shown, in any criminal proceeding, and within five days after judgment in any civil or criminal proceeding, brought pursuant to section 409 or 706 of this Act or section 371 of title 18, United States Code, involving alleged violation of any provision of any regulation or order relating to price controls issued under this title, the defendant may apply to the court in which the proceeding is pending for leave to file in the Emergency Court of Appeals a complaint against the President setting forth objections to the validity of any provision which the defendant is alleged to have violated or conspired to violate. The court in which the proceeding is pending shall grant such leave with respect to any objection which it finds is made in good faith and with respect to which it finds there is reasonable and substantial excuse for the defendant's failure to present such objection in a protest filed in accordance with section 407 of this title. Upon the filing of a complaint pursuant to and within thirty days from the granting of such leave, the Emergency Court of Appeals shall have jurisdiction to enjoin or set aside in whole or in part the provision of the regulation or order complained of or to dismiss the complaint. The court may authorize the introduction of evidence, either to the President or directly to the court, in accordance with subsection (a) of this section. The provisions of subsections (b), (c), and (d) of this section shall be applicable with respect to any proceeding instituted in accordance with this subsection.

(2) In any proceeding brought pursuant to section 409 or 706 of this Act or section 371 of title 18, United States Code, involving an alleged violation of any provision of any such regulation or order, the court shall stay the proceeding—

(i) during the period within which a complaint may be filed in the Emergency Court of Appeals pursuant to leave granted under paragraph (1) of this subsection with respect to such provision;

(ii) during the pendency of any protest properly filed by the defendant under section 407 of this title prior to the institution of the proceeding under section 409 or 706 of this Act or section 371 of title 18, United States Code, setting forth objections to the validity of such provision which the court finds to have been made in good faith; and

(iii) during the pendency of any judicial proceeding instituted by the defendant under this section with respect to such protest or instituted by the defendant under paragraph (1) of this subsection with respect to such provision, and until the expiration of the time allowed in this section for the taking of further proceedings with respect thereto.

Notwithstanding the provisions of this paragraph, stays shall be granted thereunder in civil proceedings only after judgment and upon application made within five days after judgment. Notwithstanding the provisions of this paragraph, in the case of a proceeding under section 409 (a) or 706 (a) of this Act the court granting a stay under this paragraph shall issue a temporary injunction or restraining order enjoining or restraining, during the period of the stay, violations by the defendant of any provision of the regulation or order involved in the proceeding. If any provision of a regulation or order is determined to be invalid by judgment of the Emergency Court of Appeals which has become effective in accordance with section 408 (b) of this title, any proceeding pending in any court shall be dismissed, and any judgment in such proceeding vacated, to the extent that such proceeding or judgment is based upon violation of such provision. Except as provided in this subsection, the pendency of any protest under section 407 of this title, or judicial proceeding under this section, shall not be grounds for staying any proceeding brought pursuant to section 409 or 706 of this Act or section 371 of title 18, United States Code; nor, except as provided in this subsection, shall any retroactive effect be given to any judgment setting aside a provision of a regulation or order issued under this title.

Sec. 409. (a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 405 of this title, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

(b) Any person who willfully violates any provision of section 405 of this title shall be guilty of a misdemeanor and shall, upon conviction thereof, be subject to a fine of not more than \$10,000, or to imprisonment for not more than one year, or both. Whenever the President has reason to believe that any person is liable

to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

(c) If any person selling any material or service violates a regulation or order prescribing a ceiling or ceilings, the person who buys such material or service for use or consumption other than in the course of trade or business may, within one year from the date of the occurrence of the violation, except as hereinafter provided, bring an action against the seller on account of the overcharge. In any action under this subsection, the seller shall be liable for reasonable attorney's fees and costs as determined by the court, plus whichever of the following sums is greater: (1) such amount not more than three times the amount of the overcharge, or the overcharges, upon which the action is based as the court in its discretion may determine, but in no event shall such amount exceed the amount of the overcharge, or the overcharges, plus \$10,000; or (2) an amount not less than \$25 nor more than \$50 as the court in its discretion may determine: *Provided, however,* That such amount shall be the amount of the overcharge or overcharges if the defendant proves that the violation of the regulation or order in question was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation. For the purposes of this section the word "overcharge" shall mean the amount by which the consideration exceeds the applicable ceiling. If any person selling any material or service violates a regulation or order prescribing a ceiling or ceilings and the buyer either fails to institute an action under this subsection within thirty days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the President may institute such action on behalf of the United States within such one-year period, or compromise with the seller the liability which might be assessed against the seller in such an action. If such action is instituted, or such liability is compromised by the President, the buyer shall thereafter be barred from bringing an action for the same violation or violations. Any action under this subsection by either the buyer or the President, as the case may be, may be brought in any court of competent jurisdiction. A judgment in an action for damages, or a compromise, under this subsection shall be a bar to the recovery under this subsection of any damages in any other action against the same seller on account of sales made to the same purchaser prior to the institution of the action in which such judgment was rendered, or prior to such compromise. The President may not institute any action under this subsection on behalf of the United States—

(1) if the violation arose because the person selling the material or service acted upon and in accordance with the written advice and instructions of the President or any official authorized to act for him;

(2) if the violation arose out of the sale of any material or service to any agency of the Government, and such sale was made pursuant to the lowest bid made in response to an invitation for competitive bids.

SEC. 410. Each contract providing for the purchase of processed chickens or turkeys by any department or agency of the United States from any contractor, entered into at any time when ceiling prices are in effect under this Act for whichever of such fowl is covered by such contract, shall contain the following provision (with such change as may be necessary to describe the fowl covered by the contract):

"The contractor represents that the contract price is based upon an estimated price paid to the producers for live chickens or live turkeys to be processed hereunder. In the event and to the extent that the actual price paid to the producers of live chickens or live turkeys purchased for the performance of this contract is less than such estimated price, the contract price shall be reduced by the same number of cents or fraction thereof, per pound."

TITLE V

SETTLEMENT OF LABOR DISPUTES

SEC. 501. It is the intent of Congress, in order to provide for effective price and wage stabilization pursuant to title IV of this Act and to maintain uninterrupted production, that there be effective procedures for the settlement of labor disputes affecting national defense.

SEC. 502. The national policy shall be to place primary reliance upon the parties to any labor dispute to make every effort through negotiation and collective bargaining and the full use of mediation and conciliation facilities to effect a settlement in the national interest. To this end, the President is authorized (1) to initiate voluntary conferences between management, labor, and such persons as the President may designate to represent government and the public,

and (2) subject to the provisions of section 503, to take such action as may be agreed upon in any such conference and appropriate to carry out the provisions of this title. The President may designate such persons or agencies as he may deem appropriate to carry out the provisions of this title.

SEC. 503. In any such conference, due regard shall be given to terms and conditions of employment established by prevailing collective bargaining practice which will be fair to labor and management alike, and will be consistent with stabilization policies established under this Act. No action inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, other Federal labor standards statutes, the Labor Management Relations Act, 1947, or with other applicable laws shall be taken under this title.

TITLE VI—CONTROL OF CONSUMER AND REAL ESTATE CREDIT

THIS TITLE AUTHORIZES THE REGULATION OF CONSUMER CREDIT AND REAL ESTATE CONSTRUCTION CREDIT ONLY

SEC. 601. To assist in carrying out the objectives of this Act, the Board of Governors of the Federal Reserve System is authorized, notwithstanding the provisions of Public Law 386, Eightieth Congress (61 Stat. 921), to exercise consumer credit controls in accordance with and to carry out the provisions of Executive Order Numbered 8843 (August 9, 1941) until such time as the President determines that the exercise of such controls is no longer necessary, but in no event beyond the date on which this section terminates. *No regulation or order issued under this section shall, in respect to new or used automobiles (including taxicabs), designed for the purpose of transporting less than ten passengers, (1) require a down payment in excess of 33⅓ per centum or limit the maximum loan value to less than 66⅔ per centum, or (2) prescribe a maximum maturity of less than eighteen months.*

SEC. 602. (a) To assist in carrying out the purposes of this Act, the President is authorized from time to time to prescribe regulations with respect to such kind or kinds of real estate construction credit which thereafter may be extended as, in his judgment, it is necessary to regulate in order to prevent or reduce excessive or untimely use of or fluctuations in such credit. Such regulations may, among other things, prescribe maximum loan or credit values, minimum down payments in cash or property, trade-in or exchange values, maximum maturities, maximum amounts of credit, rules regarding the amount, form, and time of various payments, rules against any credit in specified circumstances, rules regarding consolidations, renewals, revisions, transfers, or assignments of credit, and rules regarding other similar or related matters. Such regulations may classify persons and transactions and may apply different requirements thereto, and may include such administrative provisions as in the judgment of the President are reasonably necessary in order to effectuate the purposes of this section or to prevent evasions thereof.

In prescribing and suspending such regulations, including changes from time to time to take account of changing conditions, the President shall consider, among other factors, (1) the level and trend of real estate construction credit and the various kinds thereof, (2) the effect of the use of such credit upon (i) purchasing power and (ii) demand for real property and improvements thereon and for other goods and services, (3) the need in the national economy for the maintenance of sound credit conditions, and (4) the needs for increased defense production.

(b) No person shall extend or maintain any real estate construction credit, or renew, revise, consolidate, refinance, purchase, sell, discount, or lend or borrow on, any obligation arising out of any such credit, or arrange for any of the foregoing, in contravention of any regulation prescribed by the President pursuant to this section. Any person who extends or maintains any such credit, or renews, revises, consolidates, refinances, purchases, sells, discounts, or lends or borrows on, any obligation arising out of any such credit, or arranges for any of the foregoing, shall make, keep, and preserve for such periods, such accounts, correspondence, memoranda, papers, books, and other records, and make such reports, under oath or otherwise, as the President may by regulation require as necessary or appropriate in order to effectuate the purposes of this section; and such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time to such reasonable periodic, special, or other examinations by examiners or other representatives of the President as the President may deem necessary or appropriate. The requirements of this section apply whether a person is acting as principal, agent, broker, vendor, or otherwise.

(c) To assist in carrying out the purposes of this section, the President by regulation may require transactions or persons or classes thereof subject to this

section to be registered; and, after notice and opportunity for hearing, the President by order may suspend any such registration for violation of this section or any regulation prescribed by the President pursuant to this section. The provisions of section 25 of the Securities Exchange Act of 1934, as amended, shall apply in the case of any such order of the President in the same manner that such provisions apply in the case of orders of the Securities and Exchange Commission under that Act. In carrying out this section, the President may act through and may utilize the services of the Board of Governors of the Federal Reserve System, the Federal Reserve banks, and any other agencies, Federal or State, which are available and appropriate.

(d) For the purposes of this section, unless the context otherwise requires, the following terms shall have the following meanings, but the President may in his regulations further define such terms and, in addition, may define technical, trade, accounting, and other terms, insofar as any such definitions are not inconsistent with the provisions of this section:

(1) "Real estate construction credit" means any credit which (i) is wholly or partly secured by, (ii) is for the purpose of purchasing or carrying, (iii) is for the purpose of financing, or (iv) involves a right to acquire or use, new construction on real property or real property on which there is new construction. As used in this paragraph the term "new construction" means any structure, or any major addition or major improvement to a structure, which has not been begun before 12 o'clock meridian, August 3, 1950. As used in this paragraph the term "real property" includes leasehold and other interests therein. Notwithstanding the foregoing provisions of this paragraph, the term "real estate construction credit" shall not include any loan or loans made, insured, or guaranteed by any department, independent establishment or agency in the executive branch of the United States, or by any wholly owned Government corporation, or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended.

(2) "Credit" means any loan, mortgage, deed of trust, advance, or discount; any conditional sale contract; any contract to sell or sale or contract of sale, of property or services, either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract for the bailment, leasing, or other use of property under which the bailee, lessee, or user has the option of becoming the owner thereof, obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof, or has the right to have all or part of the payments required by such contract applied to the purchase price of such property or similar property; any option, demand, lien, pledge, or similar claim against, or for the delivery of property or money; any purchase, discount, or other acquisition of, or any credit under the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

SEC. 603. Any person who willfully violates any provision of section 601 or 602 or any regulation or order issued thereunder, upon conviction thereof, shall be fined not more than \$5,000 or imprisoned not more than one year, or both.

SEC. 604. All the present provisions of sections 21 and 27 of the Securities Exchange Act of 1934, as amended (relating to investigations, injunctions, jurisdictions, and other matters), shall be as fully applicable with respect to the exercise by the Board of Governors of the Federal Reserve System of credit controls under section 601 as they are now applicable with respect to the exercise by the Securities and Exchange Commission of its functions under that Act, and the Board shall have the same powers in the exercise of such credit controls as the Commission now has under the said sections 21 and 27.

SEC. 605. To assist in carrying out the objectives of this Act the President may at any time or times, notwithstanding any other provision of law, reduce, for such period as he shall specify, the maximum authorized principal amounts, ratios of loan to value or cost, or maximum maturities of any type or types of loans on real estate which thereafter may be made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States Government, or by any wholly owned Government corporation or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended, or reduce or suspend any such authorized loan program, upon a determination, after taking into consideration the effect thereof upon conditions in the building industry and upon the national economy and the needs for increased defense production, that such action is necessary in the public interest: *Provided*, That in the exercise of these powers, the President

shall preserve the relative credit preferences accorded to veterans under existing law.

TITLE VII—GENERAL PROVISIONS

SEC. 701. (a) It is the sense of the Congress that small-business enterprises be encouraged to make the greatest possible contribution toward achieving the objectives of this Act.

(b) In order to carry out this policy—

(i) the President shall provide small-business enterprises with full information concerning the provisions of this Act relating to, or of benefit to, such enterprises and concerning the activities of the various departments and agencies under this Act;

(ii) such business advisory committees shall be appointed as shall be appropriate for purposes of consultation in the formulation of rules, regulations, or orders, or amendments thereto issued under authority of this Act, and in their formation there shall be fair representation for independent small, for medium, and for large business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry;

(iii) in administering this Act, such exemptions shall be provided for small-business enterprises as may be feasible without impeding the accomplishment of the objectives of this Act; and

(iv) in administering this Act, special provision shall be made for the expeditious handling of all requests, applications, or appeals from small-business enterprises.

(c) Whenever the President invokes the powers given him in this Act to allocate, or approve agreements allocating, any material, to an extent which the President finds will result in a significant dislocation of the normal distribution in the civilian market, he shall do so in such a manner as to make available, so far as practicable, for business and various segments thereof in the normal channel of distribution of such material, a fair share of the available civilian supply based, so far as practicable, on the share received by such business under normal conditions during a representative period preceding June 24, 1950 and having due regard to the needs of new businesses.

SEC. 702. As used in this Act—

(a) The word "person" includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: *Provided*, That no punishment provided by this Act shall apply to the United States, or to any such government, political subdivision, or government agency.

(b) The word "materials" shall include raw materials, articles, commodities, products, supplies, components, technical information, and processes.

(c) The word "facilities" shall not include farms, churches or other places of worship, or private dwelling houses.

(d) The term "national defense" means the operations and activities of the armed forces, the Atomic Energy Commission, or any other Government department or agency directly or indirectly and substantially concerned with the national defense, or operations or activities in connection with the Mutual Defense Assistance Act of 1949, as amended.

(e) The words "wages, salaries, and other compensation" shall include all forms of remuneration to employees by their employers for personal services, including, but not limited to, vacation and holiday payments, night shift and other bonuses, incentive payments, year-end bonuses, employer contributions to or payments of insurance or welfare benefits, employer contributions to a pension fund or annuity, payments in kind, and premium overtime payments.

SEC. 703. (a) Except as otherwise specifically provided, the President may delegate any power or authority conferred upon him by this Act to any officer or agency of the Government, including any new agency or agencies (and the President is hereby authorized to create such new agencies, other than corporate agencies, as he deems necessary), and he may authorize such redelegations by that officer or agency as the President may deem appropriate. The President is authorized to appoint heads and assistant heads of any such new agencies, and other officials therein of comparable status, and to fix their compensation, without regard to the Classification Act of 1949, as amended, at rates comparable to the compensation paid to the heads and assistant heads of independent agencies of

the Government. Any officer or agency may employ civilian personnel for duty in the United States, including the District of Columbia, or elsewhere, without regard to section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as the President deems necessary to carry out the provisions of this Act.

(b) The head and assistant heads of any independent agency created to administer the authority conferred by title IV of this Act shall be appointed by the President, by and with the advice and consent of the Senate.

SEC. 704. The President may make such rules, regulations, and orders as he deems necessary or appropriate to carry out the provisions of this Act. Any regulation or order under this Act may be established in such form and manner, may contain such classifications and differentiations, and may provide for such adjustments and reasonable exceptions as in the judgment of the President are necessary or proper to effectuate the purposes of this Act, or to prevent circumvention or evasion, or to facilitate enforcement of this Act, or any rule, regulation, or order issued under this Act.

SEC. 705. (a) The President shall be entitled, while this Act is in effect and for a period of two years thereafter, by regulation, subpoena, or otherwise, to obtain such information from, require such reports and the keeping of such records by, make such inspection of the books, records, and other writings, premises or property of, and take the sworn testimony of, any person as may be necessary or appropriate, in his discretion, to the enforcement or the administration of this Act, and the regulations or orders issued thereunder. The President shall issue regulations insuring that the authority of this subsection will be utilized only after the scope and purpose of the investigation, inspection, or inquiry to be made have been defined by competent authority, and it is assured that no adequate and authoritative data are available from any Federal or other responsible agency. In case of contumacy by, or refusal to obey a subpoena served upon, any person referred to in this subsection, the district court of the United States for any district in which such person is found or resides or transacts business, upon application by the President, shall have jurisdiction to issue an order requiring such person to appear and give testimony or to appear and produce documents, or both; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

(b) No person shall be excused from complying with any requirement under this section or from attending and testifying or from producing books, papers, documents, and other evidence in obedience to a subpoena before any grand jury or in any court or administrative proceeding based upon or growing out of any alleged violation of this Act on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no natural person shall be prosecuted or subjected to any penalty or forfeiture in any court, for or on account of any transaction, matter, or thing concerning which he is so compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such natural person so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying: *Provided*, That the immunity granted herein from prosecution and punishment and from any penalty or forfeiture shall not be construed to vest in any individual any right to priorities assistance, to the allocation of materials, or to any other benefit which is within the power of the President to grant under any provision of this Act.

(c) The production of a person's books, records, or other documentary evidence shall not be required at any place other than the place where such person usually keeps them, if, prior to the return date specified in the regulations, subpoena, or other document issued with respect thereto, such person furnishes the President with a true copy of such books, records, or other documentary evidence (certified by such person under oath to be a true and correct copy) or enters into a stipulation with the President as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

(d) Any person who willfully performs any act prohibited or willfully fails to perform any act required by the above provisions of this section, or any rule, regulation, or order thereunder, shall upon conviction be fined not more than \$1,000 or imprisoned for not more than one year or both.

(e) Information obtained under this section which the President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information shall not be published or disclosed unless the President determines that the withholding thereof is contrary to the interest of the national defense, and any person willfully violating this provision shall,

upon conviction, be fined not more than \$10,000, or imprisoned for not more than one year, or both.

SEC. 706. (a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of this Act, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

(b) The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this Act or any rule, regulation, order, or subpoena thereunder, and of all civil actions under this Act to enforce any liability or duty created by, or to enjoin any violation of, this Act or any rule, regulation, order, or subpoena thereunder. Any criminal proceeding on account of any such violation may be brought in any district in which any act, failure to act, or transaction constituting the violation occurred. Any such civil action may be brought in any such district or in the district in which the defendant resides or transacts business. Process in such cases, criminal or civil, may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found; the subpoena for witnesses who are required to attend a court in any district in such case may run into any other district. The termination of the authority granted in any title or section of this Act, or of any rule, regulation, or order issued thereunder, shall not operate to defeat any suit, action, or prosecution, whether theretofore or thereafter commenced, with respect to any right, liability, or offense incurred or committed prior to the termination date of such title or of such rule, regulation, or order. No costs shall be assessed against the United States in any proceeding under this Act. All litigation arising under this Act or the regulations promulgated thereunder shall be under the supervision and control of the Attorney General.

SEC. 707. No person shall be held liable for damages or penalties for any act or failure to act resulting directly or indirectly from his compliance with a rule, regulation, or order issued pursuant to this Act, notwithstanding that any such rule, regulation, or order shall thereafter be declared by judicial or other competent authority to be invalid. No person shall discriminate against orders or contracts to which priority is assigned or for which materials or facilities are allocated under title I of this Act or under any rule, regulation, or order issued thereunder, by charging higher prices or by imposing different terms and conditions for such orders or contracts than for other generally comparable orders or contracts, or in any other manner.

SEC. 708. (a) The President is authorized to consult with representatives of industry, business, financing, agriculture, labor, and other interests, with a view to encouraging the making by such persons with the approval by the President of voluntary agreements and programs to further the objectives of this Act.

(b) No act or omission to act pursuant to this Act which occurs while this Act is in effect, if requested by the President pursuant to a voluntary agreement or program approved under subsection (a) and found by the President to be in the public interest as contributing to the national defense shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(c) The authority granted in subsection (b) shall be delegated only (1) to officials who shall for the purpose of such delegation be required to be appointed by the President by and with the advice and consent of the Senate, unless otherwise required to be so appointed, and (2) upon the condition that such officials consult with the Attorney General and with the Chairman of the Federal Trade Commission not less than ten days before making any request or finding thereunder, and (3) upon the condition that such officials obtain the approval of the Attorney General to any request thereunder before making the request. For the purpose of carrying out the objectives of title I of this Act, the authority granted in subsection (b) of this section shall not be delegated except to a single official of the Government.

(d) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

(e) The Attorney General is directed to make, or request the Federal Trade Commission to make for him, surveys for the purpose of determining any factors which may tend to eliminate competition, create or strengthen monopolies, injure small business, or otherwise promote undue concentration of economic power in the course of the administration of this Act. The Attorney General shall submit to the Congress and the President within ninety days after the approval of this Act, and at such times thereafter as he deems desirable, reports setting forth the results of such surveys and including such recommendations as he may deem desirable.

SEC. 709. The functions exercised under this Act shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237) except as to the requirements of section 3 thereof. Any rule, regulation, or order, or amendment thereto, issued under authority of this Act shall be accompanied by a statement that in the formulation thereof there has been consultation with industry representatives, including trade association representatives, and that consideration has been given to their recommendations, or that special circumstances have rendered such consultation impracticable or contrary to the interest of the national defense, but no such rule, regulation, or order shall be invalid by reason of any subsequent finding by judicial or other authority that such a statement is inaccurate.

SEC. 710. (a) The President, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, is authorized to place positions and employ persons temporarily in grades 16, 17, and 18 of the General Schedule established by the Classification Act of 1949, and such positions shall be additional to the number authorized by section 505 of that Act.

(b) The President is further authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, and subject to such regulations as he may issue, to employ persons of outstanding experience and ability without compensation; and he is authorized to provide by regulation for the exemption of such persons from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code and section 190 of the Revised Statutes (5 U. S. C. 99). Persons appointed under the authority of this subsection may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence while away from their homes or regular places of business pursuant to such appointment.

(c) The President is authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act to employ experts and consultants or organizations thereof, as authorized by section 55a of title 5 of the United States Code. Individuals so employed may be compensated at rates not in excess of \$50 per diem and while away from their homes or regular places of business they may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses while so employed. The President is authorized to provide by regulation for the exemption of such persons from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code and section 190 of the Revised Statutes (5 U. S. C. 99).

(d) The President may utilize the services of Federal, State, and local agencies and may utilize and establish such regional, local, or other agencies, and utilize such voluntary and uncompensated services, as may from time to time be needed; and he is authorized to provide by regulation for the exemption of persons whose services are utilized under this subsection from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code and section 190 of the Revised Statutes (5 U. S. C. 99).

(e) Whoever, being an officer or employee of the United States or any department or agency thereof (including any Member of the Senate or House of Representatives), receives, by virtue of his office or employment, confidential information, and (1) uses such information in speculating directly or indirectly on any commodity exchange, or (2) discloses such information for the purpose of aiding any other person so to speculate, shall be fined not more than \$10,000 or imprisoned not more than one year, or both. As used in this section, the term "speculate" shall not include a legitimate hedging transaction, or a purchase or sale which is accompanied by actual delivery of the commodity.

SEC. 711. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this Act by the President and such agencies as he may designate or create. Funds made available for the purposes of this Act may be allocated or transferred

for any of the purposes of this Act, with the approval of the Bureau of the Budget, to any agency designated to assist in carrying out this Act. Funds so allocated or transferred shall remain available for such period as may be specified in the Acts making such funds available.

SEC. 712. (a) There is hereby established a joint congressional committee to be known as the Joint Committee on Defense Production (hereinafter referred to as the committee), to be composed of ten members as follows:

(1) Five members who are members of the Committee on Banking and Currency of the Senate, three from the majority and two from the minority party, to be appointed by the chairman of the committee; and

(2) Five members who are members of the Committee on Banking and Currency of the House of Representatives, three from the majority and two from the minority party, to be appointed by the chairman of the committee. A vacancy in the membership of the committee shall be filled in the same manner as the original selection. The committee shall elect a chairman and a vice chairman from among its members, one of whom shall be a member of the Senate and the other a member of the House of Representatives.

(b) It shall be the function of the committee to make a continuous study of the programs authorized by this Act, and to review the progress achieved in the execution and administration of such programs. Upon request, the committee shall aid the standing committees of the Congress having legislative jurisdiction over any part of the programs authorized by this Act; and it shall make a report to the Senate and the House of Representatives, from time to time, concerning the results of its studies, together with such recommendations as it may deem desirable. Any department, official, or agency administering any of such programs shall, at the request of the committee, consult with the committee, from time to time, with respect to their activities under this Act.

(c) The committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places, to require by subpoena (to be issued under the signature of the chairman or vice chairman of the committee) or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The provisions of sections 102 to 104, inclusive, of the Revised Statutes shall apply in case of any failure of any witness to comply with any subpoena or to testify when summoned under authority of this subsection.

(d) The committee is authorized to appoint and, without regard to the Classification Act of 1949, as amended, fixed the compensation of such experts, consultants, technicians, and organizations thereof, and clerical and stenographic assistants as it deems necessary and advisable.

(e) The expenses of the committee under this section, which shall not exceed \$50,000 in any fiscal year, shall be paid one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives upon vouchers signed by the chairman or vice chairman. Disbursements to pay such expenses shall be made by the Clerk of the House of Representatives out of the contingent fund of the House of Representatives, such contingent fund to be reimbursed from the contingent fund of the Senate in the amount of one-half of disbursements so made without regard to any other provision of law.

SEC. 713. The provisions of this Act shall be applicable to the United States, its Territories and possessions, and the District of Columbia.

SEC. 714. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the remainder of the Act, and the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

SEC. 715. That no person may be employed under this Act who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided*, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit has not contrary to the provisions of this section engaged in a strike against the Government of the United States, is not a member of an organization of Government employees that asserts the right to strike against the Government of the United States or that such person does not advocate, and is not a member of an organiza-

tion that advocates, the overthrow of the Government of the United States by force or violence: *Provided further*, That any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation or fund contained in this Act shall be guilty of a felony and, upon conviction, shall be fined not more than \$1,000 or imprisoned for not more than one year, or both: *Provided further*, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law.

SEC. 716. (a) Titles I, II, III, and VII of this Act, and all authority conferred thereunder shall terminate at the close of June 30, [1952] 1953, but such titles shall be effective after June 30, [1951] 1952 only to the extent necessary to aid in carrying out contracts relating to the national defense entered into by the Government prior to July 1, [1951] 1953.

(b) Titles IV, V, and VI of this Act and all authority conferred thereunder shall terminate at the close of [June 30, 1951] February 29, 1952.

(c) Notwithstanding the foregoing—

(1) The Congress by concurrent resolution or the President by proclamation may terminate this Act prior to the termination otherwise provided therefor.

(2) The Congress may also provide by concurrent resolution that any section of this Act and all authority conferred thereunder shall terminate prior to the termination otherwise provided therefor.

(3) Any agency created under this Act may be continued in existence for purposes of liquidation for not to exceed six months after the termination of the provision authorizing the creation of such agency.

(d) The termination of any section of this Act, or of any agency or corporation utilized under this Act, shall not affect the disbursement of funds under, or the carrying out of, any contract, guarantee, commitment or other obligation entered into pursuant to this Act prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States in any amounts advanced or paid out in carrying on operations under this Act.

THE HOUSING AND RENT ACT OF 1947, AS AMENDED

AN ACT Relative to maximum rents on housing accommodations; to repeal certain provisions of Public Law 388, Seventy-ninth Congress, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—AMENDMENTS TO EXISTING LAW

SECTION 1. (a) Sections 1, 2 (b) through 9, and sections 11 and 12, of Public Law 388, Seventy-ninth Congress, are hereby repealed, and any funds made available under said sections of said Act not expended or committed prior to the enactment of this Act are hereby returned to the Treasury: *Provided*, That any allocations made or committed, or priorities granted for the delivery, of any housing materials or facilities under any regulation or order issued under the authority contained in said Act, and before the date of enactment of this Act, with respect to veterans of World War II, their immediate families, and others, shall remain in full force and effect.

SEC. 2. Section 603 (a) of the National Housing Act, as amended, is amended by striking out "June 30, 1947" wherever appearing therein and inserting in lieu thereof "March 31, 1948."

SEC. 3. Title VI of the National Housing Act, as amended, is amended by adding the following new section at the end thereof:

"SEC. 609. (a) In order to assist in relieving the acute shortage of housing which now exists and to promote the production of housing for veterans of World War II at moderate prices or rentals within their reasonable ability to pay, through the application of modern industrial processes, the Commissioner is authorized to insure loans to finance the manufacture of housing (including advances on such loans) when such loans are eligible for insurance as hereinafter provided.

"(b) Loans for the manufacture of houses shall be eligible for insurance under this section if at the time of such insurance, the Commissioner determines they meet the following conditions:

"(1) The manufacturer shall establish that binding contracts have been executed satisfactory to the Commissioner, providing for the purchase and delivery of the houses to be manufactured, which contracts shall provide for the payment of the purchase price at such time as may be agreed to by the parties thereto but, in no event, shall the purchase price be payable on a date in excess of thirty days after the date of delivery of such houses, unless not less than 20 per centum of such purchase price is paid on or before the date of delivery and the lender has accepted and discounted or has agreed to accept and discount, pursuant to subsection (i) of this section a promissory note or notes, executed by the purchaser, representing the unpaid portion of such purchase price, in which event such unpaid portion of the purchase price may be payable on a date not in excess of one hundred and eighty days from the date of delivery of such houses;

"(2) Such houses to be manufactured shall meet such requirements of sound quality, durability, livability, and safety as may be prescribed by the Commissioner;

"(3) The borrower shall establish to the satisfaction of the Commissioner that he has or will have adequate plant facilities, sufficient capital funds, taking into account the loan applied for, and the experience necessary, to achieve the required production schedule;

"(4) The loan shall involve a principal obligation in an amount not to exceed 90 per centum of the amount which the Commissioner estimates will be the necessary current cost, exclusive of profit, of manufacturing the houses, which are the subject of such purchase contracts assigned to secure the loan, less any sums paid by the purchaser under said purchase contracts prior to the assignment thereof. The loan shall be secured by an assignment of the aforesaid purchase contracts and of all sums payable thereunder on or after the date of such assignment, with the right in the assignee to proceed against such security in case of default as provided in the assignment, which assignment shall be in such form and contain such terms and conditions, as may be prescribed by the Commissioner; and the Commissioner may require such other agreements and undertakings to further secure the loan as he may determine, including the right, in case of default or at any time necessary to protect the lender, to compel delivery to the lender of any houses then owned and in the possession of the borrower. The loan shall have a maturity not in excess of one year from the date of the note, except that any such loan may be refinanced and extended in accordance with such terms and conditions as the Commissioner may prescribe for an additional term not to exceed one year, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4 per centum per annum on the amount of the principal obligation outstanding at any time.

"(c) The Commissioner may consent to the release of a part or parts of the property assigned or delivered as security for the loan, upon such terms and conditions as he may prescribe and the security documents may provide for such release.

"(d) The failure of the borrower to make any payment due under or provided to be paid by the terms of a loan under this section, or the failure to perform any other covenant or obligation contained in any assignment, agreement, or undertaking executed by the borrower in connection with such loan shall be considered as a default under this section, and if such default continues for a period of thirty days, the lender shall be entitled to receive the benefits of the insurance herein-after provided upon assignment, transfer, and delivery to the Commissioner within a period and in accordance with the rules and regulations prescribed by the Commissioner of (1) all rights and interest arising with respect to the loan so in default; (2) all claims of the lender against the borrower or others arising out of the loan transaction; (3) any cash or property held by the lender, or to which it is entitled, as deposits made for the account of the borrower and which have not been applied in reduction of the principal of the loan; and (4) all records, documents, books, papers, and accounts relating to the loan transaction. Upon such assignment, transfer, and delivery, the Commissioner shall, subject to the cash adjustment provided for in section 604 (c), issue to the lender debentures having a face value equal to the unpaid principal balance of the loan.

"(e) Debentures issued under this section shall be issued in accordance with the provisions of section 604 (d) except that such debentures shall be dated as

of the date of default as determined in subsection (d) of this section and shall bear interest from such date.

"(f) The provisions of section 207 (k) and 603 (a) of this Act shall be applicable to loans insured under this section, except that as applied to such loans (1) all references in section 207 (k) to the 'Housing Fund' shall be construed to refer to the 'War Housing Insurance Fund' and (2) the reference in section 207 (k) to 'subsection (g)' shall be construed to refer to 'subsection (d)' of this section; (3) the references in section 207 (k) to insured mortgages shall be construed to refer to the assignment or other security for loans insured under this section; and (4) the references in section 603 (a) to a mortgage or mortgages shall be construed to include a loan or loans under this section. The provisions of section 603 (d) shall also be applicable to loans insured under this section and the reference in said section 603 (d) to a mortgage shall be construed to include a loan or loans with respect to which a contract of insurance is issued pursuant to this section.

"(g) Notwithstanding any other provision of law, the Commissioner shall have the power to assign or sell at public or private sale, or otherwise dispose of, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of insurance heretofore or hereafter granted under this section, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in connection with the payment of such insurance until such time as such obligations may be referred to the Attorney General for suit or collection.

"(h) The Commissioner shall fix a premium charge for the insurance granted under this section, but such premium charge shall not exceed an amount equivalent to 1 per centum of the original principal of such loan, and such premium charge shall be payable in advance by the financial institution and shall be paid at such time and in such manner as may be prescribed by the Commissioner. In addition to the premium charge herein provided for, the Commissioner is authorized to charge and collect such amounts as he may deem reasonable for examining and processing applications for the insurance of loans under this section, including such additional inspections as the Commissioner may deem necessary."

NOTE.—Subsequent legislation other than the Housing and Rent Act of 1947, as amended, added a new subsection (i) at this point in section 609 dealing with Government insurance for lenders who finance purchase of houses manufactured with aid provided by section 609.

SEC. 4. (a) In order to assure preference or priority to veterans of World War II or their families—

(1) no housing accommodations designed for single-family residence, the construction or conversion of which is completed after June 30, 1947, shall be offered for sale or resale, or sold or resold, to persons other than veterans of World War II or their families, unless such housing accommodations have been publicly offered for sale exclusively to veterans of World War II or their families (a) during the period of construction or conversion and for thirty days thereafter, prior to a sale or offering for sale to such nonveterans, and (b) for a period of seven days prior to a resale, or an offering for resale, to such nonveterans; and

(2) no housing accommodations designed for occupancy by other than transients, the construction or conversion of which is completed after June 30, 1947, shall be offered for rent or rerent, rented or rerented to persons other than veterans of World War II or their families, unless such housing accommodations have been publicly offered for rent exclusively to veterans of World War II or their families (a) during the period of construction or conversion and for thirty days thereafter, prior to a first renting or offering for rent to such nonveterans, and (b) for a period of seven days prior to a subsequent renting, or offering for rent, to such nonveterans; and

(3) no housing accommodations designed for single-family residence, the construction or conversion of which is completed after June 30, 1947, shall be offered for sale or resale, or sold or resold, to any person at a price less than the price for which it had been last offered for sale to veterans of World War II or their families for at least seven days: *Provided, however,* That in no event shall the public offering period to veterans of World War II or their families total less than thirty days in any first or original sale as required by paragraph (1) of this subsection; and

(4) no housing accommodations designed for occupancy by other than transients, the construction or conversion of which is completed after June 30, 1947, shall be offered for rent or rerent, or rented or rerented, to any person at a price less than the price for which it had been last offered for rent to veterans

of World War II or their families for at least seven days: *Provided, however*, That in no event shall the public offering period to veterans of World War II or their families total less than thirty days in any first or original renting as required by paragraph (2) of this subsection.

(b) As used in this section—

(1) the term "person" shall include an individual, corporation, partnership, association or any other organized group of persons, or a representative of any of the foregoing.

(2) the term "housing accommodations" shall include, without limitation, any building, structure, or part thereof, or land appurtenant thereto, or any real or personal property, designed, constructed, or converted for dwelling or residential purposes, together with all privileges, services or facilities in connection therewith; industrially made or prefabricated houses, sections, panels, or their aggregate as a "package", designed or constructed for dwelling or residential purposes; and a certificate, deposit, membership, stock interest, or undivided interest in real estate, under a cooperative mutual ownership or similar plan, which carries with it the right of occupancy of individual dwelling units.

(c) The [Housing Expediter] *President* is authorized to issue regulations and orders prescribing the manner in which such housing accommodations shall be publicly offered in good faith for sale or rent to veterans of World War II or their families and such other regulations or orders as he may deem necessary in the public interest to effectuate the provisions of this section. The [Housing Expediter] *President* is further authorized to grant such exceptions to the provisions of this section for *persons engaged in national defense activities* and for hardship cases as he may deem appropriate.

(d) Any person who willfully violates any provision of this section shall, upon conviction thereof, be subject to a fine of not more than \$5,000 or to imprisonment for not more than one year, or to both such fine and imprisonment.

(e) This section shall cease to be in effect at the close of [June 30, 1951] *February 29, 1952*, or upon the date that the *President* proclaims that the protection to veterans of World War II or their families provided by this section is no longer needed, whichever date is the earlier, except that as to offenses committed, or rights or liabilities incurred, prior to such termination date, the provisions of this title and regulations and orders issued thereunder shall be treated as still remaining in force for the purpose of sustaining any proper suit, action, or prosecution with respect to any such right, liability, or offense.

TITLE II—MAXIMUM RENTS

DECLARATION OF POLICY

SEC. 201. (a) The Congress hereby reaffirms the declaration in the Price Control Extension Act of 1946 that unnecessary or unduly prolonged controls over rents would be inconsistent with the return to a peacetime economy and would tend to prevent the attainment of the goals therein declared.

(b) The Congress therefore declares that it is its purpose to terminate at the earliest practicable date all Federal restrictions on rents on housing accommodations. At the same time the Congress recognizes that an emergency exists and that, for the prevention of inflation and for the achievement of a reasonable stability in the general level of rents during the transition period, as well as the attainment of other salutary objectives of the above-named Act, it is necessary for a limited time to impose certain restrictions upon rents charged for rental housing accommodations in defense-rental areas. Such restrictions should be administered with a view to prompt adjustments where owners of rental housing accommodations are suffering hardships because of the inadequacies of the maximum rents applicable to their housing accommodations, and under procedures designed to minimize delay in the granting of necessary adjustments, which, so far as practicable, shall be made by local boards with a minimum of control by any central agency.

(c) To the end that these policies may be effectively carried out with the least possible impact on the economy pending complete decontrol, the provisions of this title are enacted.

DEFINITIONS

SEC. 202. As used in this title—

[(a) The term "person" includes an individual, corporation, partnership, association, or any other organized group of persons, or a legal successor or representative of any of the foregoing.]

(a) The word "person" includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: *Provided, That no punishment provided by this Act shall apply to the United States, or to any such government, political subdivision, or government agency.*

(b) The term "housing accommodations" means any building, structure or part thereof, or land appurtenant thereto, or any other real or personal property rented or offered for rent for living or dwelling purposes (including houses, apartments, rooming- or boarding-house accommodations, and other properties used for living or dwelling purposes) together with all privileges, services, furnishings, furniture, and facilities connected with the use or occupancy of such property.

(c) The term "controlled housing accommodations" means housing accommodations in any defense-rental area, except that it does not include—

(1) (A) those housing accommodations, in any establishment [which is located in a city of less than two million five hundred thousand population according to the 1940 decennial census and] which is commonly known as a hotel in the community in which it is located, which are occupied by persons who are provided customary hotel services such as maid service, furnishing and laundering of linen, telephone and secretarial or desk service, use and upkeep of furniture and fixtures, and bellboy service; or

[(B) those housing accommodations in hotels in cities of two million five hundred thousand population or more according to the 1940 decennial census (i) which are located in hotels in which 75 per centum or more of the occupied housing accommodations on March 1, 1949, were used for transient occupancy, or (ii) which are not located in hotels described in (i) but which on March 1, 1949, were used for transient occupancy; for the purposes of this subparagraph (B)—

[(1) the term "used for transient occupancy" means rented on a daily basis, to a tenant who had not on March 1, 1949, continuously resided in the hotel for ninety days or more; and

[(2) the term "hotel" means any establishment which on June 30, 1947, was commonly known as a hotel in the community in which it is located and was occupied by an appreciable number of persons who were provided customary hotel services such as maid service, furnishing and laundering of linen, telephone and secretarial or desk service, use and upkeep of furniture and fixtures, and bellboy service; or]

(2) any motor court, or any part thereof; any trailer, or trailer space, used exclusively for transient occupancy or any part thereof; or any tourist home serving transient guests exclusively, or any part thereof; or

(3) any housing accommodations (A) the construction of which was completed on or after February 1, 1947, or which are housing accommodations created by a change from a nonhousing to a housing use on or after February 1, 1947, or which are additional housing accommodations created by conversion on or after February 1, 1947: *Provided, however,* That any housing accommodations resulting from any conversion created on or after the effective date of the Housing and Rent Act of 1949 shall continue to be controlled housing accommodations unless the [Housing Expediter] President issues an order decontrolling them, which he shall issue if he finds that the conversion resulted in additional, self-contained family units as defined by regulations issued by him: *And provided further,* That contracts for the rental of housing accommodations to veterans of World War II and their immediate families, the construction of which was assisted by allocations or priorities under Public Law 388, Seventy-ninth Congress, approved May 22, 1946, shall remain in full force and effect; or (B) the construction of which was completed on or after February 1, 1945, and prior to February 1, 1947, and which between the date of completion and June 30, 1947, both dates inclusive, at no time were rented (other than to members of the immediate family of the landlord) as housing accommodations; or

(4) nonhousekeeping, furnished housing accommodations, located within a single dwelling unit not used as a rooming or boarding house, but only if (A) no more than two paying tenants, not members of the landlord's immediate family, live in such dwelling unit, and (B) the remaining portion of such dwelling unit is occupied by the landlord or his immediate family.

(d) The term "defense-rental area" means any part of an area designated under the provisions of the Emergency Price Control Act of 1942, as amended, prior to March 1, 1947, as an area where defense activities have resulted or threaten to result in an increase in the rents for housing accommodations inconsistent with the purposes of such Act, in which maximum rents (1) were being regulated under

such Act on March 1, 1947, or (2) are established or reestablished pursuant to section 204 (i) (1) or (2) of this title, 204 (k), or 204 (l).

(e) The term "rent" means the consideration, including any bonus, benefit, or gratuity demanded or received for or in connection with the use or occupancy of housing accommodations, or the transfer of a lease of housing accommodations.

TERMINATION OF RENT CONTROL UNDER EMERGENCY PRICE CONTROL ACT OF 1942

SEC. 203. (a) After the effective date of this title, no maximum rents shall be established or maintained under the authority of the Emergency Price Control Act of 1942, as amended, with respect to any housing accommodations.

(b) On the termination of rent control in any area or portion thereof under this title all records and other data (and the cabinets or containers holding such records and data) used or held in connection with the establishment and maintenance of maximum rents in such area or portion thereof by the [Housing Expediter] President, and all predecessor agencies, shall, on request, be transferred without reimbursement to the proper officials of any State or local subdivision of government that may be charged with the duty of administering a rent-control program in any State or local subdivision of government to which such records and data may be applicable: *Provided, however,* That any such records or data (and the cabinets or containers holding such records or data) shall be so made available subject to recall for use in carrying out the purposes of this title.

RENT CONTROL UNDER THIS TITLE

SEC. 204. [(a) The Housing Expediter shall administer the powers, functions, and duties under this title; and for the purpose of exercising such powers, functions, and duties, and the powers, functions, and duties granted to or imposed upon the Housing Expediter by title I of this Act, the Office of Housing Expediter is hereby extended until the close of June 30, 1951.]

(b) (1) Subject to the provisions of paragraphs (2) and (3) of this subsection, and subsections [(h) and (i)] (h), (i), (k), (l), and (o), during the period beginning on the effective date of this title and ending on the date this title ceases to be in effect, no person shall demand, accept, or receive any rent for the use or occupancy of any controlled housing accommodations greater than the maximum rent established under the authority of the Emergency Price Control Act of 1942, as amended, and in effect with respect thereto on June 30, 1947: *Provided, however,* That the [Housing Expediter] President shall, by regulation or order, make such individual and general adjustments in such maximum rents in any defense-rental area or any portion thereof, or with respect to any housing accommodations or any class of housing accommodations within any such area or any portion thereof, as may be necessary to remove hardships or to correct other inequities, or further to carry out the purposes and provisions of this title: *Provided, however,* That the landlord certifies that he is maintaining all services furnished as of the date determining the maximum rent and that he will continue to maintain such services so long as the adjustment in such maximum rent which may be granted continues in effect. In making and recommending individual and general adjustments to remove hardships or to correct other inequities, the [Housing Expediter] President and the local boards shall observe the principle of maintaining maximum rents for controlled housing accommodations, so far as is practicable, at levels which will yield to landlords a fair net operating income from such housing accommodations. In determining whether the maximum rent for controlled housing accommodations yields a fair net operating income from such housing accommodations, due consideration shall be given to the following, among other relevant factors: (A) Increases in property taxes; (B) unavoidable increases in operating and maintenance expenses; (C) major capital improvement of the housing accommodations as distinguished from ordinary repair, replacement, and maintenance; (D) increases or decreases in living space, services, furniture, furnishings, or equipment; and (E) substantial deterioration of the housing accommodations, other than ordinary wear and tear, or failure to perform ordinary repair, replacement, or maintenance.

(2) In any case in which a valid written lease with respect to any housing accommodations was entered into and filed in accordance with the provisions of this subsection (b) as then in effect, and such lease was in effect on the effective date of the Housing and Rent Act of 1949, such housing accommodations shall be subject to the provisions of this title and, until such lease is terminated or expires, the maximum rent for said accommodations shall be the rent set forth in said lease.

(3) In any case in which a valid written lease with respect to any housing accommodations was entered into and filed in accordance with the provisions of

this subsection (b) as then in effect, and such lease has heretofore terminated or expired or hereafter terminates or expires, such housing accommodations shall be subject to the provisions of this title and the maximum rent for said accommodations shall be the rent set forth in said lease, plus or minus applicable individual adjustments: *Provided, however*, That if such housing accommodations are in a defense-rental area in which a general increase in maximum rents has been or is hereafter granted, the maximum rent shall be said lease rent plus or minus applicable individual adjustments, or the maximum rent in the absence of a lease, whichever is higher.

(4) If a lease entered into under this subsection has heretofore terminated or hereafter terminates, prior to the expiration date of such lease, the landlord shall file with the [Housing Expediter] *President* a report of the termination of such lease, unless a report of such termination was filed with the [Housing Expediter] *President* prior to the effective date of the Housing and Rent Act of 1949. Such report shall be filed within 15 days after the date of such termination or 15 days after the effective date of the Housing and Rent Act of 1949, whichever is the later date.

(5) In order to help assure fair adjustments for tenants and small landlords, the [Housing Expediter] *President* is authorized and directed to designate for every defense-rental area an officer whose function shall be to assist tenants and small landlords by—

(A) informing them concerning the conditions under which rent adjustments may be obtained;

(B) helping in the preparation of applications for rent adjustments; and

(C) providing them with such other information and services as may be necessary and appropriate.

(c) The [Housing Expediter] *President* is hereby authorized and directed to remove any or all maximum rents before this title ceases to be in effect, in any defense-rental area or portion thereof or with respect to any class of housing accommodations in any such area or portion thereof, if in his judgment the need for continuing maximum rents in such area or portion thereof or with respect to such class of housing accommodations no longer exist, due to sufficient construction of new housing accommodations or when the demand for rental housing accommodations has been otherwise reasonably met. The [Housing Expediter] *President* is further authorized and directed to remove maximum rents for any or all luxury housing accommodations in any defense-rental area or portion thereof, if in his judgment such action would result in the creation of additional rental units by conversion. The [Housing Expediter] *President* shall from time to time make surveys with a view to carrying out the purpose of this subsection to decontrol housing accommodations at the earliest practicable time.

(d) The [Housing Expediter] *President* is authorized to issue such regulations and orders, consistent with the provisions of this title, as he may deem necessary to carry out the provisions of this section and section 202 (c).

(e) (1) The [Housing Expediter] *President* is authorized and directed to create and, if necessary, continue in existence until the termination of this Act in each defense-rental area (whether or not under Federal rent control) or such portion thereof as he may designate, local advisory boards. The [Housing Expediter] *President* shall, whenever in his judgment there is need therefor, create a local advisory board in any part of an area designated under the provisions of the Emergency Price Control Act of 1942, as amended, prior to March 1, 1947, as an area where defense activities have resulted or threaten to result in an increase in the rents for housing accommodations inconsistent with the purposes of such Act, in which maximum rents were not being regulated under such Act on March 1, 1947. Each such board shall consist of not less than five members who are citizens of the area and who, insofar as practicable, as a group are representative of the affected interests in the area, to be appointed by the [Housing Expediter] *President*, from recommendations made by the respective Governors: *Provided*, That in any case where the Governor has made no recommendations for original appointments to local boards or appointments to fill vacancies, within thirty days after request therefor (subsequent to the date of enactment of the Housing and Rent Act of 1948) from the [Housing Expediter] *President*, the [Housing Expediter] *President* shall without such recommendations appoint the original members of such boards or such members as may be required to fill vacancies. Nothing in the foregoing provisions shall require the reappointment of present members of local advisory boards, but any change in the membership of any local advisory board necessitated by this provision shall be effectuated as promptly as may be practicable. Each such board shall have sufficient members

to enable it promptly to consider individual adjustment cases coming before it on which the board shall make recommendations to the officials administering this title within its area; and before recommending any such adjustment the board shall give notice to the parties and shall hold a hearing at the request of either party. Upon petition by a representative group of tenants or landlords, the board, if it finds that the petition is substantial in character, shall hold a public hearing in accordance with the requirements set forth in paragraph (4) of this subsection on any of the matters set forth in subparagraphs (A) and (B) of this paragraph. Such hearing shall be begun within thirty days after the filing of such petition, and shall be completed within thirty days after it is begun. Should the board for any reason fail to hold such hearing, the [Housing Expediter] *President*, upon notice of that fact given by such group, shall (unless he finds that the petition is not substantial in character) hold a public hearing in like manner on such matters. Such hearing shall be begun within thirty days after the giving of such notice by such group, and shall be completed within thirty days after it is begun. If the [Housing Expediter] *President* finds that such petition is not substantial in character, such group may file a complaint with the Emergency Court of Appeals within thirty days after the date such finding is made. Thereupon, if it finds that the [Housing Expediter's] *President's* finding is not in accordance with law, the Emergency Court of Appeals shall have jurisdiction to enter, within thirty days after the date of filing of such complaint, an order directing the [Housing Expediter] *President* to hold such hearing. If a hearing is held by either the board or the [Housing Expediter] *President*, a recommendation by the board or decision by the [Housing Expediter] *President*, as the case may be, on the merits of the matter shall be rendered within thirty days from the date of completion of such hearing, and the local board forthwith shall forward its recommendation to the [Housing Expediter] *President*. Any local board may make such recommendations to the [Housing Expediter] *President* as it deems advisable with respect to the following matters:

(A) Removal of any or all maximum rents in the area, or any portion thereof, over which the local board has jurisdiction, or with respect to any class of housing accommodations within such area or any portion thereof, if in the judgment of the local board the need for continuing maximum rents in such area or portion thereof or with respect to such class of housing accommodations no longer exists, due to sufficient construction of new housing accommodations or when the demand for rental housing accommodations has been otherwise reasonably met; and

(B) Adjustments, other than individual adjustments, in maximum rents in such area or any portion thereof or with respect to any class of housing accommodations within such area or any portion thereof, deemed by the local board to be necessary to remove hardships or to correct other inequities or further to carry out the purposes and provisions of this title; and

(C) Operations generally of the local rent office with particular reference to hardship cases.

(2) The [Housing Expediter] *President* shall furnish the local boards suitable office space, stenographic assistance and reporting services for public hearings (including attendance fees) and shall make available to such boards any records and other information in the possession of the [Housing Expediter] *President* with respect to the establishment and maintenance of maximum rents and housing accommodations in the respective defense-rental areas which may be requested by such boards.

(3) Upon receipt of any recommendation from a local board, the [Housing Expediter] *President* shall promptly notify the local board, in writing, of the date of his receipt of such recommendation. Except as provided hereinafter in this subsection, within thirty days after receipt of any recommendation of a local board such recommendation shall be approved or disapproved or the local board shall be notified in writing of the reasons why final action cannot be taken in thirty days. Any recommendation of a local board appropriately substantiated and in accordance with applicable law and regulations shall be approved and appropriate action shall promptly be taken to carry such recommendation into effect. If the [Housing Expediter] *President* approves or disapproves any recommendation of a local board he shall promptly notify the local board in writing of such action.

(4) For the purposes of paragraph (3) any recommendation of a local board as to a matter referred to in paragraph (1) (A) or (B) shall be deemed to be appropriately substantiated and in accordance with applicable law and regulations, and shall be carried into effect as hereinafter provided—

(A) if the local board held a public hearing on such matter at which interested persons (including representatives of the State and of political subdivisions thereof) were given a reasonable opportunity to be heard, by pleadings or otherwise, with right to be represented by counsel;

(B) if notice of the date, time, place, and purpose of such hearing was given (i) in writing to the Governor of the State not less than fifteen days prior to such date, and (ii) by publication in a newspaper of general circulation in the area over which the local board has jurisdiction at least fifteen days prior to such date, and a second notice was given by publication in such a newspaper at least five days prior to such date;

(C) if a copy of the local board's recommendation was filed with the Governor of the State within five days after such recommendation was mailed to the [Housing Expediter] *President*;

(D) if a record is made of the evidence adduced at the public hearing held by the local board, and the local board certifies and transmits to the [Housing Expediter] *President*, with such recommendation, a transcript of such record, or of those parts of such record, upon which its recommendation is based and a written statement of its findings made upon the basis of such record; and

(E) if the record so certified and transmitted to the [Housing Expediter] *President* contains adequate and substantial evidence to support the findings and recommendation of the local board.

Any representative group of interested parties or the local board may file a complaint concerning such recommendation with the Emergency Court of Appeals within thirty days after the date on which the [Housing Expediter] *President* notifies the local board of his decision, or the date of the expiration of such thirty-day period, as the case may be. If the [Housing Expediter] *President* holds the hearing, such group may file a complaint with the Emergency Court of Appeals within thirty days after the rendering of his decision, or within thirty days after the expiration of the time within which his decision should be made. A similar right of appeal shall be afforded in the event the [Housing Expediter] *President* makes a decision as to a general adjustment or as to removal of maximum rents for any class of housing accommodations (other than for luxury housing accommodations under the second sentence of section 204 (c)) on his own initiative. The Clerk of the Emergency Court of Appeals shall notify the [Housing Expediter] *President* in writing of the filing of any such complaint promptly after it has been so filed. Within fifteen days after the receipt of such notice by the [Housing Expediter] *President*, the [Housing Expediter] *President* shall file such recommendation or decision in the Emergency Court of Appeals, together with the record and statement of findings of the local board or of the [Housing Expediter] *President* and such statement as the [Housing Expediter] *President* may desire to make as to his views on the matter. The statement of the [Housing Expediter] *President* may be accompanied by such supporting information as the [Housing Expediter] *President* deems appropriate. Thereupon, the Emergency Court of Appeals shall have jurisdiction to enter, within sixty days after the date of its receipt of such recommendation or decision from the [Housing Expediter] *President* (or within such additional period of not more than thirty days as the court may find necessary in exceptional cases), an order approving or disapproving the recommendation of the local board or decision of the [Housing Expediter] *President*. The recommendation, record, and statement of findings of the local board or decision, record, and statement of findings of the [Housing Expediter] *President*, as the case may be, together with the statement and supporting information filed by the [Housing Expediter] *President*, shall constitute the record before the court. If the court determines that the recommendation or decision is not in accordance with law, or that the evidence in the record before the court, including such additional evidence as may be adduced before the court, is not of sufficient weight to justify such recommendation or decision, the court shall enter an order disapproving such recommendation or decision; otherwise it shall enter an order approving such recommendation or decision. The judgment and decree of the court shall be final. The powers heretofore granted by law to the Emergency Court of Appeals are hereby continued for purposes of exercise of the jurisdiction granted by this subsection. The court shall prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction, under this paragraph. The [Housing Expediter] *President*, the local board, representative groups of interested parties, and representatives of the State or States involved, shall be granted, to the extent determined by the court, an opportunity to be heard, by pleadings or otherwise, with right to be represented by counsel.

(5) Any recommendation to which paragraph (4) applies, if an order of disapproval thereof has not been entered by the Emergency Court of Appeals within the time prescribed in such paragraph, shall be carried out by the [Housing Expediter] *President*—

(A) if it is with respect to a matter referred to in paragraph (1) (A), so that the decontrol is effected, retroactively if necessary, on the date recommended by the local board, but not before sixty days after the date of the receipt of such recommendation by the [Housing Expediter] *President*: *Provided*, That during the period of ninety days beginning with the date on which such decontrol is effected, the regulations and orders with respect to practices relating to the recovery of possession of housing accommodations issued under section 209 of this title shall be in effect as though such decontrol had not been effected; and

(B) if it is with respect to a matter referred to in paragraph (1) (B), so that the adjustment in maximum rents is effected, retroactively if necessary, on the date recommended by the local board, but not before thirty days after the receipt of the recommendation by the [Housing Expediter] *President*.

(6) In addition to employees furnished under paragraph (2), local boards are hereby authorized to employ such attorneys as may be necessary for purposes of hearings and court proceedings under this subsection. Attorneys shall be paid not to exceed \$25 per day when actually employed, and shall be allowed necessary traveling and subsistence expenses.

(7) Immediately upon the enactment of the Housing and Rent Act of 1948 the [Housing Expediter] *President* shall communicate with the Governors of the several States advising them of the provisions of this subsection as amended and of the number and location of defense-rental areas in their respective States and the areas or portions thereof in which boards are to be appointed therein, and requesting the cooperation of the Governors of the several States in carrying out such provisions.

(f) The provisions of this title shall cease to be in effect at the close of [June 30, 1951] *February 29, 1952*, or upon the date of a proclamation by the President or upon the date specified in a concurrent resolution by the two Houses of the Congress, declaring that the further continuance of the authority granted by this title is not necessary because of the existence of an emergency, whichever date is the earlier; except that as to rights or liabilities incurred prior to such termination date, the provisions of this title and regulations, orders, and requirements thereunder shall be treated as still remaining in force for the purpose of sustaining any proper suit or action with respect to any such right or liability.

(g) Nothing in this title shall be interpreted or construed to authorize the [Housing Expediter] *President* to prohibit, in the case of any rental agreement hereafter entered into, the demand, collection, or retention of a security deposit, if said deposit does not exceed the rent for one month in addition to the otherwise authorized collection of rent in advance, if the demand, collection, or retention of such a security deposit was an accepted rental practice, prior to January 30, 1942, in the area in which the premises are located, or was customarily required before that date by the same landlord in the renting of the particular housing accommodations involved, and if the tenant is allowed, under the terms of the rental agreement, to occupy the premises for the period covered by the security deposit without further payment of rent.

(h) For controlled housing accommodations which were not included within the definition of "controlled housing accommodations" as such definition read prior to the effective date of the Housing and Rent Act of 1949, the maximum rent shall be the maximum rent last in effect for such housing accommodations under Federal rent control, plus or minus applicable adjustments; or, if no maximum rent was ever in effect for such housing accommodations, the maximum rent shall be the rent generally prevailing in the defense-rental area for comparable controlled housing accommodations within such area, plus or minus applicable adjustments: *Provided*, That in the case of those controlled housing accommodations in hotels which were not included within the definition of "controlled housing accommodations" as such definition read prior to the effective date of the Housing and Rent Act of 1949, the maximum rent shall be the rent in effect for such accommodations on March 1, 1949].

(i) (1) Whenever a local advisory board in any defense-rental area in which maximum rents were never regulated under the Emergency Price Control Act of 1942, as amended, after having determined, with respect to the area over which it has jurisdiction or any portion thereof, either that (A) a scarcity of rental housing has developed as a result of national defense activity, or (B) employment

or other conditions have changed to such an extent as to make the supply of rental housing inadequate to meet the demand, or (C) rents have increased or are about to increase unreasonably, recommends that such action is necessary or appropriate in order to effectuate the purposes of this title, the [Housing Expediter] *President*, if such recommendation is appropriately substantiated, shall by regulation or order establish such maximum rent or maximum rents for any housing accommodations (except those not included within the definition of "controlled housing accommodations") in such area or portion thereof as in his judgment will be fair and equitable. In establishing any maximum rent for any housing accommodations under this paragraph, the [Housing Expediter] *President* shall give due consideration to the rents prevailing for such housing accommodations, or comparable housing accommodations, on such date as he deems appropriate, not earlier than the date of the enactment of the Housing and Rent Act of 1949, and he shall make adjustment for such relevant factors as he shall determine and deem to be of general applicability in respect of such accommodations, including increases or decreases in property taxes and other costs within such defense-rental area. For the purposes of this paragraph the term "defense-rental area" means any part of an area designated under the provisions of the Emergency Price Control Act of 1942, as amended, prior to March 1, 1947, as an area where defense activities have resulted or threaten to result in an increase in the rent for housing accommodations inconsistent with the purposes of such Act.

(2) Whenever a local advisory board in any defense-rental area in which housing accommodations were decontrolled by administrative action taken, prior to the date of the enactment of the Housing and Rent Act of 1949, under the Emergency Price Control Act of 1942, as amended, or under this title, after having determined with respect to the area over which it has jurisdiction, or any portion thereof, either that (A) a scarcity of rental housing has developed as a result of national defense activity, or (B) employment or other conditions have changed to such an extent as to make the supply of rental housing inadequate to meet the demand, or (C) rents have increased or are about to increase unreasonably, recommends that such action is necessary or appropriate in order to effectuate the purposes of this title, the [Housing Expediter] *President*, if such recommendation is appropriately substantiated, shall by regulation or order reestablish maximum rents for any or all such housing accommodations in such area or portion thereof. For the purposes of this paragraph the term "defense-rental area" has the meaning assigned to such term in paragraph (1) of this subsection.

(3) Any local advisory board may recommend to the [Housing Expediter] *President* that he exercise the authority granted to him by paragraph (4) of this subsection to reestablish maximum rents for any or all housing accommodations, within the defense-rental area over which such board has jurisdiction, which are decontrolled on or after the date of the enactment of the Housing and Rent Act of 1949, by administrative action taken under this title.

(4) The [Housing Expediter] *President*, upon recommendation of a local advisory board or upon his own initiative, whenever in his judgment such action is necessary or proper in order to effectuate the purposes of this title, may by regulation or order reestablish maximum rents for any or all controlled housing accommodations, in any defense-rental area, which are decontrolled on or after the date of the enactment of the Housing and Rent Act of 1949, by administrative action taken under this title.

(5) In the case of housing accommodations for which a maximum rent is reestablished pursuant to paragraph (2) or (4) of this subsection, the maximum rent shall be the maximum rent last in effect for such housing accommodations under Federal rent control, plus or minus applicable adjustments; or, if no maximum rent was ever in effect for such housing accommodations, the maximum rent shall be the rent generally prevailing for comparable controlled housing accommodations within such area, plus or minus applicable adjustments.

(6) No maximum rents shall be established or reestablished under this subsection for any housing accommodations (A) in the case of which maximum rents have been heretofore or are hereafter removed as the result of approval by the Emergency Court of Appeals of a recommendation of a local advisory board or as the result of approval by such court of a decision of the [Housing Expediter] *President*, or (B) in any State, city, town, village, or locality in which rent controls under this title have been terminated pursuant to section 204 (j).

(j) (1) Whenever the governor of any State advises the [Housing Expediter] *President* that the legislature of such State has adequately provided for the establishment and maintenance of maximum rents, or has specifically expressed its intent that State rent control shall be in lieu of Federal rent control, with

respect to housing accommodations within defense-rental areas in such State and of the date on which such State rent control will become effective, the [Housing Expediter] *President* shall immediately make public announcement to the effect that he has been so advised. At the same time all rent controls under this Act, as amended, with respect to housing accommodations within such State shall be terminated as of the date on which State rent control is to become effective. As used in this subsection, the term "State" means any State, Territory, or possession of the United States.

(2) If any State by law declares that Federal rent control is no longer necessary in such State or any part thereof and notifies the [Housing Expediter] *President* of that fact, the [Housing Expediter] *President* shall immediately make public announcement to the effect that he has been so advised. At the same time all rent controls under this Act, as amended, with respect to housing accommodations within such State or part thereof shall be terminated on the fifteenth day after receipt of such advice. As used in this subsection, the term "State" means any State, Territory, or possession of the United States.

(3) The [Housing Expediter] *President* shall terminate the provisions of this title in any incorporated city, town, village, or in the unincorporated area of any county upon receipt of a resolution of its governing body adopted for that purpose in accordance with applicable local law and based upon a finding by such governing body reached as the result of a public hearing held after ten days' notice, that there no longer exists such a shortage in rental housing accommodations as to require rent control in such city, town, village, or unincorporated area in such county: *Provided*, That where the major portion of a defense-rental area has been decontrolled pursuant to this paragraph (3), the [Housing Expediter] *President* shall decontrol any unincorporated locality in the remainder of such area: *Provided further*, That as used in this Act the term "resolution" shall not be construed to be limited to ordinances or other legislative acts, and any resolution heretofore adopted by any local governing body is hereby declared to be effective for the purpose of this section 204 (j) (3) or section 204 (f) (1), whether or not such resolution was legislative in character; and no suit or action shall be brought under section 205 of this Act, or any other provision of law, on the basis of any administrative decision or the decision of any court that the resolution described in this Act must be a legislative Act.

(k) *The President shall by regulation or order establish such maximum rent or maximum rents as in his judgment will be fair and equitable for any housing accommodations (1) in any State which by law declares that there exists such a shortage in rental housing accommodations as to require Federal rent control in such State, or (2) in any incorporated city, town, village, or in the unincorporated area of any county (other than a city, town, village, or unincorporated area within a State which is controlling rents) upon receipt of a resolution of its governing body adopted for that purpose in accordance with applicable local law and based upon a finding by such governing body, reached as a result of a public hearing held after ten days' notice, that there exists such a shortage in rental housing accommodations as to require Federal rent control in such city, town, village, or unincorporated area in such county. In establishing any maximum rent for any housing accommodations under this subsection the President shall give due consideration to the rents prevailing for such housing accommodations or comparable housing accommodations during the period from May 24, 1950, to June 24, 1950, and he shall make adjustment for such relevant factors as he shall determine and deem to be of general applicability in respect to such accommodations, including increases or decreases in property taxes and other costs within such state, incorporated city, town, or village, or unincorporated area.*

(l) *Whenever the Secretary of Defense and the Director of Defense Mobilization, acting jointly, shall determine and certify to the President that any area (whether then or ever controlled or decontrolled under this Act) is a critical defense housing area, the President shall by regulation or order establish such maximum rent or maximum rents for any housing accommodations, not then subject to rent control, in such area or portion thereof as in his judgment will be fair and equitable. Notwithstanding the provisions of section 202 (c) the term "controlled housing accommodations" as applied to any such critical defense housing area shall include all housing accommodations in the area, without exception. In establishing any maximum rent for any housing accommodations under this subsection, the President shall give due consideration to the rents prevailing for such housing accommodations or comparable housing accommodations during the period from May 24, 1950, to June 24, 1950, and he shall make adjustment for such relevant factors as he shall determine and deem to be of general applicability in respect to such accommodations, including increases or*

decreases in property taxes and other costs within such area. Maximum rents in any critical defense housing area shall be terminated at such time as the Secretary of Defense and the Director of Defense Mobilization, acting jointly, shall determine and certify to the President that such area is no longer a critical defense housing area, or as provided in subsection (e) or (j) of this section: Provided, however, That in any area where maximum rents are removed under the procedures provided in subsection (e) or (j) of this section, maximum rents may be reestablished after the expiration of thirty days on the determination and certification of the Secretary of Defense and the Director of Defense Mobilization, acting jointly. For the purpose of this subsection a critical defense housing area shall be any area in which the following conditions exist:

(1) a new defense plant or installation has been or is to be provided, or an existing defense plant or installation has been or is to be reactivated or its operation substantially expanded;

(2) substantial in-migration of defense workers or military personnel is required to carry out activities at such plant or installation; and

(3) a substantial shortage of housing required for such defense workers or military personnel exists or impends which impedes or threatens to impede activities of such defense plant or installation.

(m) Whenever an area has been certified under subsection (l) to be a critical defense housing area real-estate construction credit controls imposed under title VI of the Defense Production Act of 1950 shall be relaxed to the extent necessary to encourage construction of housing for defense workers and military personnel. The fact that any area has been certified as a critical defense housing area under subsection (l) shall not make such area ineligible for the location of additional defense plants, facilities, or installations, or as a source of additional military procurement of any sort.

(n) No maximum rents shall be established under subsection (l) for housing accommodations in any State where rent control is in effect or in any locality where local rent control is in effect, unless the rent component of the Consumers' Index of the Bureau of Labor Statistics for such State or locality has increased more than the United States average of the rent component of such index during the last six months for which such index is available immediately preceding the establishment of such maximum rents. The rent component of the Consumers' Index of the Bureau of Labor Statistics for any State shall be the average, weighted by population as determined by the Bureau of Labor Statistics, for all reported cities in the State, except that, where only one city is reported, the rent component for the State shall be the rent component for that city. Upon the establishment of maximum rents pursuant to subsection (l) for housing accommodations in a State in which State rent control is in effect, State rent control shall thereupon terminate. Upon the establishment of maximum rents pursuant to subsection (l) for housing accommodations in a locality in which local rent control is in effect, local rent control shall thereupon terminate. The rent component for any locality subject to local rent control shall be the rent component as established by the Bureau of Labor Statistics for that locality. Where data concerning rents have not been heretofore collected for a city in a State having State rent control or for a particular locality which has local rent control, the President may cause a survey to be made by the Bureau of Labor Statistics for the purpose of establishing a rent component for that State or locality. For the purposes of this subsection, State rent control shall be deemed in effect in any State in which maximum rents are controlled pursuant to State law throughout the State, regardless of whether maximum rents are actually in effect in every locality of the State.

(o) In order to compensate for increases which have occurred in costs and prices, the maximum rent in effect on the date of enactment of this subsection for any housing accommodations shall, upon sworn application, be increased to 120 per centum of the following: The maximum rent for the housing accommodations (or comparable housing accommodations) in effect on June 30, 1947, plus the amount of any increase allowed or allowable under this Act for major capital improvements or for increases in living space, services, furniture, furnishings, or equipment, and minus any decrease required or requirable under this Act for decreases in living space, services, furniture, furnishings, or equipment, or for substantial deterioration or failure to perform ordinary repair, replacement, or maintenance. Any increase in a maximum rent applied for under this subsection which is based upon the maximum rent in effect on June 30, 1947, for the particular housing accommodations and upon increases and decreases actually allowed under this Act shall be effective upon the filing of the application. Nothing in this subsection shall require the reduction of any maximum rent, nor prevent such additional adjustment for increases in costs and prices as the President may deem appropriate.

RECOVERY OF DAMAGES

SEC. 205. [Any person who demands, accepts, or receives any payment of rent in excess of the maximum rent prescribed under section 204 shall be liable to the person from whom he demands, accepts, or receives such payment (or shall be liable to the United States as hereinafter provided), for reasonable attorney's fees and costs as determined by the court, plus liquidated damages in the amounts of (1) \$50, or (2) three times the amount by which the payment or payments demanded, accepted, or received exceed the maximum rent which could lawfully be demanded, accepted, or received, whichever in either case may be the greater amount: *Provided*, That the amount of such liquidated damages shall be the amount of the overcharge or overcharges if the defendant proves that the violation was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation. Suit to recover such amount may be brought in any Federal, State, or Territorial court of competent jurisdiction within one year after the date of such violation: *Provided*, That if the person from whom such payment is demanded, accepted, or received either fails to institute an action under this section within thirty days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the United States may institute such action within such one-year period. If such action is instituted, the person from whom such payment is demanded, accepted, or received shall thereafter be barred from bringing an action for the same violation or violations. For the purpose of determining the amount of liquidated damages to be awarded to the plaintiff in an action brought under this section, all violations alleged in such action which were committed by the defendant with respect to the plaintiff prior to the bringing of action shall be deemed to constitute one violation, and the amount demanded, accepted, or received in connection with such one violation shall be deemed to be the aggregate amount demanded, accepted, or received in connection with all violations. A judgment in an action under this section shall be a bar to a recovery under this section in any other action against the same defendant on account of any violation with respect to the same person prior to the institution of the action in which such judgment was rendered.] (a) Any person who demands, accepts, receives, or retains any payment of rent in excess of the maximum rent prescribed under the provisions of this Act, or any regulation, order, or requirement thereunder, shall be liable to the person from whom such payment is demanded, accepted, received, or retained (or shall be liable to the United States as hereinafter provided) for reasonable attorney's fees and costs as determined by the court, plus liquidated damages in the amounts of (1) \$50, or (2) not more than three times the amount by which the payment or payments demanded, accepted, received, or retained exceed the maximum rent which could lawfully be demanded, accepted, received, or retained, as the court in its discretion may determine, whichever in either case may be the greater amount: *Provided*, That the amount of such liquidated damages shall be the amount of the overcharge or overcharges if the defendant proves that the violation was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation.

(b) Any person who unlawfully evicts a tenant shall be liable to the person so evicted (or shall be liable to the United States as hereinafter provided) for reasonable attorney's fees and costs as determined by the court, plus liquidated damages in the amounts of (1) one month's rent or \$50, whichever is greater, or (2) not more than three times such monthly rent, or \$150, whichever is greater: *Provided*, That the amount of such liquidated damages shall be the amount of one month's rent or \$50, whichever is greater, if the defendant proves that the violation was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation.

(c) Suit to recover liquidated damages as provided in this section may be brought in any Federal court of competent jurisdiction regardless of the amount involved, or in any State or Territorial court of competent jurisdiction, within one year after the date of violation: *Provided*, That if the person from whom such payment is demanded, accepted, received, or retained, or the person wrongfully evicted, either fails to institute an action under this section within thirty days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the United States may settle the claim arising out of the violation or within one year after the date of violation may institute such action. If such claim is settled or such action is instituted, the person from whom such payment is demanded, accepted, received, or retained, or the person wrongfully evicted, shall thereafter be barred from bringing an action for the same violation or violations. For the purpose of determining the amount of liquidated damages to be awarded to the plaintiff in an action brought under subsection (a) of this section, all violations alleged in an action under said subsection (a) which were

committed by the defendant with respect to the plaintiff prior to the bringing of such an action shall be deemed to constitute one violation and, in such action under subsection (a) of this section, the amount demanded, accepted, received, or retained in connection with such one violation shall be deemed to be the aggregate amount demanded, accepted, received, or retained in connection with all such violations. A judgment for damages or on the merits in any action under either subsection (a) or (b) of this section shall be a bar to any recovery under the same subsection of this section in any other action against the same defendant on account of any violation with respect to the same person prior to the institution of the action in which such judgment was rendered.

PROHIBITION AND ENFORCEMENT

SEC. 206 [(a) It shall be unlawful for any person to demand, accept, or receive any rent for the use or occupancy of any controlled housing accommodations in excess of the maximum rent prescribed under section 204, or otherwise to do or omit to do any act, in violation of this Act, or of any regulation or order or requirement under this Act, or to offer, solicit, attempt, or agree to do any of the foregoing.] (a) (1) *It shall be unlawful for any person to demand, accept, receive, or retain any rent for the use or occupancy of any controlled housing accommodations in excess of the maximum rent prescribed under this Act, or otherwise to do or omit to do any act, in violation of this Act, or of any regulation or order or requirement under this Act, or to offer, solicit, attempt, or agree to do any of the foregoing.*

"(2) It shall be unlawful for any person to evict, remove, or exclude, or cause to be evicted, removed, or excluded, any tenant from any controlled housing accommodations in any manner or upon any grounds except as authorized or permitted by the provisions of this Act or any regulation, order, or requirement thereunder, and any person who lawfully gains possession from a tenant of any controlled housing accommodations, and thereafter fails fully to comply with such requirements or conditions as may have been imposed for such possession by the provisions of this Act or any regulation, order, or requirement thereunder, shall also be deemed to have unlawfully evicted such tenant and shall be liable to such tenant, or to the United States, as provided in this Act.

(b) Whenever in the judgment of the [Housing Expediter] President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of this Act, or any regulation or order issued thereunder, the United States may make application to any Federal, State, or Territorial court of competent jurisdiction for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

(c) Any proceeding brought in a Federal court under section 205 or under subsection (b) of this section may be brought in any district in which any part of any act or any transaction constituting the violation occurred, or may be brought in the district in which the defendant resides or transacts business, and process in such case may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found. Any such court shall advance on the docket and expedite the disposition of any such proceeding brought before it. No costs shall be assessed against the [Housing Expediter] President or the United States Government in any proceeding under this Act.

(d) No person shall be liable for damages or penalties in any Federal, State, or Territorial court, on any grounds for or in respect of anything done or omitted to be done in good faith pursuant to any provision of this Act or any regulation, order, or requirement thereunder notwithstanding that subsequently such provision, regulation, order or requirement may be modified, rescinded, or determined to be invalid. The United States may intervene in any such suit or action wherein a party relies for ground of relief or defense upon this Act or any regulation, order, or requirement thereunder.

(e) [The principal office of the Housing Expediter shall be in the District of Columbia, but he or any duly authorized representative may exercise any or all of his powers in any place and attorneys] attorneys appointed by the [Housing Expediter] President may, under such authority as may be granted by the Attorney General, appear for and represent the United States in any case arising under this Act.

(f) (1) The [Housing Expediter] President is authorized to make such studies and investigations, to conduct such hearings, and to obtain such information, as he deems necessary or proper to assist him in prescribing any regulation or order under this Act, or in the administration and enforcement of this Act and regulations and orders prescribed thereunder.

(2) For the purpose of obtaining information under this subsection, the [Housing Expediter] President is further authorized, by regulation or order, to require any person who rents or offers for rent or acts as broker or agent for the rental of any controlled housing accommodations (A) to furnish information under oath or affirmation or otherwise, (B) to make and keep records and other documents and to make reports, and (C) to permit the inspection and copy of records and other documents and the inspection of controlled housing accommodations.

(3) For the purpose of obtaining information under this subsection, the [Housing Expediter] President may by subpoena require any person to appear and testify or to appear and produce documents, or both, at any designated place. Any person subpoenaed under this subsection shall have the right to make a record of his testimony and be represented by counsel, and shall be paid the same fees and mileage as are paid witnesses in the United States district courts. For the purposes of this subsection the [Housing Expediter] President, or any officer or employee under his jurisdiction designated by him, may administer oaths and affirmations.

(4) The production of a person's documents at any place other than his place of business shall not be required under this subsection in any case in which, prior to the return date specified in the subpoena issued with respect thereto, such person either has furnished the [Housing Expediter] President with a copy of such documents (certified by such person under oath to be a true and correct copy), or has entered into a stipulation with the [Housing Expediter] President as to the information contained in such documents.

(5) In case of contumacy by, or refusal to obey a subpoena served upon, any person under this subsection, the United States district court for any district in which such person is found or resides or transacts business, upon application by the United States, and after notice to such person and hearing, shall have jurisdiction to issue an order requiring such person to appear and give testimony or to appear and produce documents, or both; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

(6) No person shall be excused from attending and testifying or producing documents or from complying with any other requirement under this subsection because of his privilege against self-incrimination, but the immunity provisions of the Compulsory Testimony Act of February 11, 1893 (49 U. S. C. 46), shall apply with respect to any individual who specifically claims such privilege.

(g) The [Housing Expediter] President shall not publish or disclose any information obtained under this Act that such [Housing Expediter] President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information unless he determines that the withholding thereof is contrary to the public interest.

(h) It shall be unlawful for any person to remove or attempt to remove from any controlled housing accommodations the tenant or occupant thereof or to refuse to renew the lease or agreement for the use of such accommodations, because such tenant or occupant has taken, or proposes to take, action authorized or required by this Act or any regulation, order, or requirement thereunder.

MAINTENANCE OF ACTIONS FOR CERTAIN ALLEGED PAST VIOLATIONS

SEC. 207. No action or proceeding, involving any alleged violation of maximum Price Regulation Numbered 188, issued under the Emergency Price Control Act of 1942, as amended, shall be maintained in any court, or judgment thereon executed or otherwise proceeded on, if a court of competent jurisdiction has found, or by opinion has declared, that the person alleged to have committed such violation acted in good faith and that application to such person of the "actual delivery" provisions of such regulation would result or has resulted in extreme hardship.

PROPERTY, PERSONNEL, AND APPROPRIATIONS

SEC. 208. [(a) The records, property, personnel, and funds, relating primarily to rent control, transferred to the Housing Expediter by or pursuant to Executive Order Numbered 9841, dated April 23, 1947, may be used for the purpose of carrying out the powers, functions, and duties of the Housing Expediter under this title; except that any personnel so transferred who are found to be in excess of the needs of the Housing Expediter for the exercise of such powers, functions, and duties shall be separated from the service.] (a) The President shall administer the powers, duties, and functions conferred upon him by this Act through the new inde-

pendent agency created pursuant to section 403 of the Defense Production Act of 1950. The President may provide for the transfer to such new agency of any of the functions, records, property, personnel, and unexpended balances of appropriations, allocations, and other funds of the Office of the Housing Expediter. Any employees of the Office of the Housing Expediter not so transferred shall, unless transferred to other positions in the Government, be separated from the service. The President shall make such provisions as he shall deem appropriate for the termination and liquidation of the affairs of the Office of the Housing Expediter and until such action is taken by the President, the Office of the Housing Expediter shall be continued. For the purposes of determining the status of employees transferred to such new agency as provided in this section, they shall be deemed to be transferred in connection with a transfer of functions.

(b) There are authorized to be appropriated to the [Housing Expediter] President such sums as may be necessary to carry out the provisions of this Act.

EVICTIION OF TENANTS

SEC. 209. Whenever in the judgment of the [Housing Expediter] President such action is necessary or proper in order to effectuate the purposes of this Act, he may, by regulation or order, regulate or prohibit speculative or manipulative practices or renting or leasing practices (including practices relating to recovery of the possession) in connection with any controlled housing accommodations, which in his judgment are equivalent to or are likely to result in rent increases inconsistent with the purposes of this Act.

ADMINISTRATIVE PROCEDURE ACT INAPPLICABLE

SEC. 210. Section 2 (a) of the Administrative Procedure Act, as amended, is amended by inserting after "Selective Training and Service Act of 1940;" the following: "Housing and Rent Act of 1947;"

APPLICATION

SEC. 211. The provisions of this title shall be applicable to the several States and to the Territories and possessions of the United States but shall not be applicable to the District of Columbia.

EFFECTIVE DATE OF TITLE

SEC. 212. This title shall become effective on the first day of the first calendar month following the month in which this Act is enacted.

SHORT TITLE

SEC. 213. This Act may be cited as the "Housing and Rent Act of 1947."

TITLE III—SEPARABILITY OF PROVISIONS

SEC. 301. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the validity of the remainder of this Act, and the applicability of such provision to other persons or circumstances, shall not be affected thereby.

The Following Provisions in the Housing and Rent Act of 1948 (Public Law 464, 80th Congress) do not Amend Any Specific Sections in the Housing and Rent Act of 1947, As Amended, but do Concern Rent Control.

SEC. 302. Nothing in this Act or in the Housing and Rent Act of 1947, as amended, shall be construed to require any person to offer any housing accommodations for rent.

SEC. 304. Section 2 of Public Law 301, Eightieth Congress, approved July 31, 1947 (relating to eviction of tenants from publicly operated housing accommodations), as amended, is hereby amended by striking out "April 1, 1948" and inserting in lieu thereof "April 1, 1949."

SEC. 305. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the validity of the remainder of the Act, and the applicability of such provision to other persons or circumstances, shall not be affected thereby.

SEC. 306. This Act shall become effective on the first day of the first calendar month following the month in which it is enacted.

The Following Provisions in the Housing and Rent Act of 1949 (Public Law 31, 81st Congress) do not Amend Any Specific Sections in the Housing and Rent Act of 1947, As Amended, but do Concern Rent Control.

SEC. 301. Nothing in this Act or in the Housing and Rent Act of 1947, as amended, shall be construed to require any person to offer any housing accommodations for rent.

SEC. 302. Section 303 of the Housing and Rent Act of 1948 is hereby repealed.

SEC. 303. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the validity of the remainder of the Act, and the applicability of such provision to other persons or circumstances, shall not be affected thereby.

SEC. 305. This Act shall become effective on the first day of the first calendar month following the month in which it is enacted.

The Following Provisions in the Housing and Rent Act of 1950 (Public Law 574, 81st Congress) do not Amend any Specific Sections in the Housing and Rent Act of 1947, As Amended, but do Concern Rent Control.

SEC. 6. Nothing in this Act or in the Housing and Rent Act of 1947, as amended, shall be construed to require any person to offer any housing accommodations for rent.

SEC. 7. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the validity of the remainder of the Act, and the applicability of such provision to other persons or circumstances, shall not be affected thereby.

SEC. 8. This Act shall become effective on the first day of the first calendar month following the month in which it is enacted.

The Following Provision in S. 1397 does not amend any specific section in the Housing and Rent Act of 1947, as amended, but does concern rent control.

Nothing in this Act or in the Housing and Rent Act of 1947, as amended, shall be construed to require any person to offer any housing accommodations for rent.

INDEPENDENT OFFICES APPROPRIATION ACT, 1946 (59 STAT. 134)

* * * * *

[SEC. 215. In order to enable persons who have served ninety days or more in the land or naval forces during the present war, and who have satisfactorily completed their period of active military or naval service, to obtain materials required for the construction, alteration, or repair of dwelling houses to be occupied by them any department or agency of the Government, in allocating or granting priorities with respect to any materials, shall give to such persons a preference over all other users of such materials (except to the extent such materials are needed by such other users to meet actual military needs), without requiring any showing of hardship or other necessity for the construction, alteration, or repair of such dwelling houses.]

INDEPENDENT OFFICES APPROPRIATION ACT, 1947 (60 STAT. 81)

* * * * *

[SEC. 213. In order to enable persons who have served ninety days or more in the land or naval forces during the present war, and who have satisfactorily completed their period of active military or naval service, to obtain materials required for the construction, alteration, or repair of dwelling houses to be occupied by them, any department or agency of the Government, in allocating or granting priorities with respect to any materials, shall give to such persons a preference over all other users of such materials (except to the extent such materials are needed by such other users to meet actual military needs), without requiring any showing of hardship or other necessity for the construction, alteration, or repair of such dwelling houses.]

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Calendar No. 448

82D CONGRESS
1ST SESSION

S. 1717

[Report No. 470]

IN THE SENATE OF THE UNITED STATES

JUNE 21, 1951

Mr. MAYBANK, from the Committee on Banking and Currency, reported the following bill; which was read twice and ordered to be placed on the calendar

A BILL

To amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 EXTENSION OF THE DEFENSE PRODUCTION ACT OF 1950

4 Section 1. Subsections (a) and (b) of section 716 of
5 the Defense Production Act of 1950 are amended to read as
6 follows:

7 “(a) Titles I, II, III, and VII of this Act and all
8 authority conferred thereunder shall terminate at the close of
9 June 30, 1953, but such titles shall be effective after June
10 30, 1952, only to the extent necessary to aid in carrying out
11 contracts relating to the national defense entered into by the
12 Government prior to July 1, 1952.

1 “(b) Titles IV, V, and VI of this Act and all authority
2 conferred thereunder shall terminate at the close of February
3 29, 1952.”

4 LIMITATION ON ROLL-BACKS

5 SEC. 2. Section 402 (d) of the Defense Production Act
6 of 1950 is amended by adding at the end thereof the following
7 new paragraph:

8 “(4) After the enactment of this paragraph no ceiling
9 price shall become effective which is below the lower of
10 (A) the price prevailing just before the date of issuance of
11 the regulation or order establishing such ceiling price, or
12 (B) the price prevailing during the period January 25,
13 1951, to February 24, 1951, inclusive.”

14 LIMITATIONS ON CREDIT CONTROLS FOR AUTOMOBILES

15 SEC. 3. Section 601 of the Defense Production Act of
16 1950 is amended by adding at the end thereof the follow-
17 ing: “No regulation or order issued under this section shall,
18 in respect to new or used automobiles (including taxicabs),
19 designed for the purpose of transporting less than ten pas-
20 sengers, (1) require a down payment in excess of $33\frac{1}{3}$ per
21 centum or limit the maximum loan value to less than $66\frac{2}{3}$
22 per centum, or (2) prescribe a maximum maturity of less
23 than eighteen months.”

1 REPEAL OF TITLE III APPROPRIATION LIMITATION

2 SEC. 4. Section 304 (c) of the Defense Production
3 Act of 1950 is amended by striking out “, not in excess
4 of \$1,400,000,000,”.

5 EXTENSION OF THE HOUSING AND RENT ACT OF 1947

6 SEC. 5. (a) Section 204 (f) of the Housing and Rent
7 Act of 1947, as amended, is amended by striking out “June
8 30, 1951” and inserting in lieu thereof “February 29, 1952”.

9 (b) (1) The Housing and Rent Act of 1947, as
10 amended, is amended by striking out “Housing Expediter”
11 wherever it appears therein and inserting in lieu thereof
12 “President”.

13 (2) Section 204 (a) of the Housing and Rent Act of
14 1947, as amended, is repealed.

15 (3) Section 206 (e) of the Housing and Rent Act of
16 1947, as amended, is amended by striking out “The principal
17 office of the Housing Expediter shall be in the District of
18 Columbia, but he or any duly authorized representative may
19 exercise any or all of his powers in any place and attorneys”
20 and inserting in lieu thereof “Attorneys”.

21 (4) Section 208 (a) of the Housing and Rent Act of
22 1947, as amended, is amended to read as follows:

23 “(a) The President shall administer the powers, duties,

1 and functions conferred upon him by this Act through the
2 new independent agency created pursuant to section 403 of
3 the Defense Production Act of 1950. The President may
4 provide for the transfer to such new agency of any of the
5 functions, records, property, personnel, and unexpended bal-
6 ances of appropriations, allocations, and other funds of the
7 Office of the Housing Expediter. Any employees of the
8 Office of the Housing Expediter not so transferred shall, un-
9 less transferred to other positions in the Government, be
10 separated from the service. The President shall make such
11 provisions as he shall deem appropriate for the termination
12 and liquidation of the affairs of the Office of the Housing
13 Expediter and until such action is taken by the President,
14 the Office of the Housing Expediter shall be continued. For
15 the purposes of determining the status of employees trans-
16 ferred to such new agency as provided in this section, they
17 shall be deemed to be transferred in connection with a trans-
18 fer of functions.”

19 (c) Section 204 of the Housing and Rent Act of 1947,
20 as amended, is amended by adding at the end thereof the
21 following:

22 “(k) The President shall by regulation or order estab-
23 lish such maximum rent or maximum rents as in his judg-
24 ment will be fair and equitable for any housing accommoda-
25 tions (1) in any State which by law declares that there exists

1 such a shortage in rental housing accommodations as to re-
2 quire Federal rent control in such State, or (2) in any in-
3 corporated city, town, village, or in the unincorporated area
4 of any county (other than a city, town, village, or unincor-
5 porated area within a State which is controlling rents) upon
6 receipt of a resolution of its governing body adopted for
7 that purpose in accordance with applicable local law and
8 based upon a finding by such governing body, reached as a
9 result of a public hearing held after ten days' notice, that
10 there exists such a shortage in rental housing accommodations
11 as to require Federal rent control in such city, town, village,
12 or unincorporated area in such county. In establishing any
13 maximum rent for any housing accommodations under this
14 subsection the President shall give due consideration to the
15 rents prevailing for such housing accommodations or com-
16 parable housing accommodations during the period from May
17 24, 1950, to June 24, 1950, and he shall make adjustment
18 for such relevant factors as he shall determine and deem to
19 be of general applicability in respect to such accommoda-
20 tions, including increases or decreases in property taxes and
21 other costs within such State, incorporated city, town, or vil-
22 lage, or unincorporated area.

23 " (1) Whenever the Secretary of Defense and the Di-
24 rector of Defense Mobilization, acting jointly, shall deter-
25 mine and certify to the President that any area (whether

1 then or ever controlled or decontrolled under this Act) is
2 a critical defense housing area, the President shall by regu-
3 lation or order establish such maximum rent or maximum
4 rents for any housing accommodations, not then subject to
5 rent control, in such area or portion thereof as in his judg-
6 ment will be fair and equitable. Notwithstanding the pro-
7 visions of section 202 (c) the term 'controlled housing
8 accommodations' as applied to any such critical defense
9 housing area shall include all housing accommodations in the
10 area, without exception. In establishing any maximum rent
11 for any housing accommodations under this subsection, the
12 President shall give due consideration to the rents prevailing
13 for such housing accommodations or comparable housing ac-
14 commodatiions during the period from May 24, 1950, to
15 June 24, 1950, and he shall make adjustment for such rele-
16 vant factors as he shall determine and deem to be of general
17 applicability in respect to such accommodations, including
18 increases or decreases in property taxes and other costs
19 within such area. Maximum rents in any critical defense
20 housing area shall be terminated at such time as the Secretary
21 of Defense and the Director of Defense Mobilization, acting
22 jointly, shall determine and certify to the President that such
23 area is no longer a critical defense housing area, or as pro-
24 vided in subsection (e) or (j) of this section: *Provided,*
25 *however,* That in any area where maximum rents are removed

under the procedures provided in subsection (e) or (j) of this section, maximum rents may be reestablished after the expiration of thirty days on the determination and certification of the Secretary of Defense and the Director of Defense Mobilization, acting jointly. For the purpose of this subsection a critical defense housing area shall be any area in which the following conditions exist:

“(1) a new defense plant or installation has been or is to be provided, or an existing defense plant or installation has been or is to be reactivated or its operation substantially expanded;

“(2) substantial in-migration of defense workers or military personnel is required to carry out activities at such plant or installation; and

“(3) a substantial shortage of housing required for such defense workers or military personnel exists or impends which impedes or threatens to impede activities of such defense plant or installation.

“(m) Whenever an area has been certified under subsection (l) to be a critical defense housing area real-estate construction credit controls imposed under title VI of the Defense Production Act of 1950 shall be relaxed to the extent necessary to encourage construction of housing for defense workers and military personnel. The fact that any area has been certified as a critical defense housing area

1 under subsection (1) shall not make such area ineligible
2 for the location of additional defense plants, facilities, or
3 installations, or as a source of additional military procure-
4 ment of any sort.

5 “(n) No maximum rents shall be established under sub-
6 section (1) for housing accommodations in any State where
7 rent control is in effect or in any locality where local rent
8 control is in effect, unless the rent component of the Con-
9 sumers’ Index of the Bureau of Labor Statistics for such
10 State or locality has increased more than the United States
11 average of the rent component of such index during the last
12 six months for which such index is available immediately pre-
13 ceding the establishment of such maximum rents. The rent
14 component of the Consumers’ Index of the Bureau of Labor
15 Statistics for any State shall be the average, weighted by
16 population as determined by the Bureau of Labor Statistics,
17 for all reported cities in the State, except that, where only one
18 city is reported, the rent component for the State shall be
19 the rent component for that city. Upon the establishment
20 of maximum rents pursuant to subsection (1) for housing
21 accommodations in a State in which State rent control is in
22 effect, State rent control shall thereupon terminate. Upon
23 the establishment of maximum rents pursuant to subsection
24 (1) for housing accommodations in a locality in which local
25 rent control is in effect, local rent control shall thereupon

1 terminate. The rent component for any locality subject to
2 local rent control shall be the rent component as established
3 by the Bureau of Labor Statistics for that locality. Where
4 data concerning rents have not been heretofore collected for
5 a city in a State having State rent control or for a particular
6 locality which has local rent control, the President may cause
7 a survey to be made by the Bureau of Labor Statistics for the
8 purpose of establishing a rent component for that State or
9 locality. For the purposes of this subsection, State rent con-
10 trol shall be deemed in effect in any State in which maximum
11 rents are controlled pursuant to State law throughout the
12 State, regardless of whether maximum rents are actually in
13 effect in every locality of the State.

14 “(o) In order to compensate for increases which have
15 occurred in costs and prices, the maximum rent in effect
16 on the date of enactment of this subsection for any housing
17 accommodations shall, upon sworn application, be in-
18 creased to 120 per centum of the following: The maxi-
19 mum rent for the housing accommodations (or comparable
20 housing accommodations) in effect on June 30, 1947, plus
21 the amount of any increase allowed or allowable under this
22 Act for major capital improvements or for increases in living
23 space, services, furniture, furnishings, or equipment, and
24 minus any decrease required or requirable under this Act

1 for decreases in living space, services, furniture, furnish-
2 ings, or equipment, or for substantial deterioration or failure
3 to perform ordinary repair, replacement, or maintenance.
4 Any increase in a maximum rent applied for under this
5 subsection which is based upon the maximum rent in effect on
6 June 30, 1947, for the particular housing accommodations
7 and upon increases and decreases actually allowed under this
8 Act shall be effective upon the filing of the application.
9 Nothing in this subsection shall require the reduction of any
10 maximum rent, nor prevent such additional adjustment for
11 increases in costs and prices as the President may deem
12 appropriate."

13 (d) Section 205 of the Housing and Rent Act of 1947,
14 as amended, is amended to read as follows:

15 "SEC. 205. (a) Any person who demands, accepts, re-
16 ceives, or retains any payment of rent in excess of the maxi-
17 mum rent prescribed under the provisions of this Act, or any
18 regulation, order, or requirement thereunder, shall be liable to
19 the person from whom such payment is demanded, accepted,
20 received, or retained (or shall be liable to the United States
21 as hereinafter provided) for reasonable attorney's fees and
22 costs as determined by the court, plus liquidated damages in
23 the amounts of (1) \$50, or (2) not more than three times
24 the amount by which the payment or payments demanded,
25 accepted, received, or retained exceed the maximum rent

1 which could lawfully be demanded, accepted, received, or re-
2 tained, as the court in its discretion may determine, which-
3 ever in either case may be the greater amount: *Provided*,
4 That the amount of such liquidated damages shall be the
5 amount of the overcharge or overcharges if the defendant
6 proves that the violation was neither willful nor the result
7 of failure to take practicable precautions against the occur-
8 rence of the violation.

9 “(b) Any person who unlawfully evicts a tenant shall
10 be liable to the person so evicted (or shall be liable to the
11 United States as hereinafter provided) for reasonable at-
12 torney’s fees and costs as determined by the court, plus
13 liquidated damages in the amounts of (1) one month’s rent
14 or \$50, whichever is greater, or (2) not more than three
15 times such monthly rent, or \$150, whichever is greater:
16 *Provided*, That the amount of such liquidated damages shall
17 be the amount of one month’s rent or \$50, whichever is
18 greater, if the defendant proves that the violation was neither
19 willful nor the result of failure to take practicable pre-
20 cautions against the occurrence of the violation.

21 “(c) Suit to recover liquidated damages as provided in
22 this section may be brought in any Federal court of compe-
23 tent jurisdiction regardless of the amount involved, or in any
24 State or Territorial court of competent jurisdiction, within
25 one year after the date of violation: *Provided*, That if the

1 person from whom such payment is demanded, accepted, re-
2 ceived, or retained, or the person wrongfully evicted, either
3 fails to institute an action under this section within thirty
4 days from the date of the occurrence of the violation or is
5 not entitled for any reason to bring the action, the United
6 States may settle the claim arising out of the violation or
7 within one year after the date of violation may institute such
8 action. If such claim is settled or such action is instituted,
9 the person from whom such payment is demanded, accepted,
10 received, or retained, or the person wrongfully evicted, shall
11 thereafter be barred from bringing an action for the same
12 violation or violations. For the purpose of determining the
13 amount of liquidated damages to be awarded to the plaintiff
14 in an action brought under subsection (a) of this section,
15 all violations alleged in an action under said subsection (a)
16 which were committed by the defendant with respect to the
17 plaintiff prior to the bringing of such an action shall be deemed
18 to constitute one violation and, in such action under subsection
19 (a) of this section, the amount demanded, accepted, received,
20 or retained in connection with such one violation shall be
21 deemed to be the aggregate amount demanded, accepted, re-
22 ceived, or retained in connection with all such violations.
23 A judgment for damages or on the merits in any action under
24 either subsection (a) or (b) of this section shall be a bar to
25 any recovery under the same subsection of this section in any

1 other action against the same defendant on account of any
2 violation with respect to the same person prior to the institu-
3 tion of the action in which such judgment was rendered.”

4 (e) Section 206 (a) of the Housing and Rent Act of
5 1947, as amended, is amended to read as follows:

6 “(a) (1) It shall be unlawful for any person to de-
7 mand, accept, receive, or retain any rent for the use or
8 occupancy of any controlled housing accommodations in
9 excess of the maximum rent prescribed under this Act, or
10 otherwise to do or omit to do any act, in violation of this
11 Act, or of any regulation or order or requirement under
12 this Act, or to offer, solicit, attempt, or agree to do any
13 of the foregoing.

14 “(2) It shall be unlawful for any person to evict,
15 remove, or exclude, or cause to be evicted, removed, or ex-
16 cluded, any tenant from any controlled housing accommo-
17 dations in any manner or upon any grounds except as
18 authorized or permitted by the provisions of this Act or
19 any regulation, order, or requirement thereunder, and any
20 person who lawfully gains possession from a tenant of any
21 controlled housing accommodations, and thereafter fails
22 fully to comply with such requirements or conditions as
23 may have been imposed for such possession by the provi-
24 sions of this Act or any regulation, order, or requirement
25 thereunder, shall also be deemed to have unlawfully evicted

1 such tenant and shall be liable to such tenant, or to the
2 United States, as provided in this Act.”

3 (f) (1) Section 202 (a) of the Housing and Rent Act
4 of 1947, as amended, is amended to read as follows:

5 “(a) The word ‘person’ includes an individual, corpora-
6 tion, partnership, association, or any other organized group of
7 persons, or legal successor or representative of the foregoing,
8 and includes the United States or any agency thereof, or any
9 other government, or any of its political subdivisions, or any
10 agency of any of the foregoing: *Provided*, That no punish-
11 ment provided by this Act shall apply to the United States,
12 or to any such government, political subdivision, or govern-
13 ment agency.”

14 (2) The first sentence of section 202 (c) (1) (A) of
15 the Housing and Rent Act of 1947, as amended, is amended
16 by striking out the following: “which is located in a city of
17 less than two million five hundred thousand population ac-
18 cording to the 1940 decennial census and”.

19 (3) Section 202 (c) (1) (B) of the Housing and Rent
20 Act of 1947, as amended, is repealed.

21 (4) The proviso in section 204 (h) of the Housing and
22 Rent Act of 1947, as amended, is repealed.

23 (5) Section 202 (d) of the Housing and Rent Act of
24 1947, as amended, is amended by inserting after “204 (i)
25 (1) or (2)” the following: “, 204 (k), or 204 (l)”.

1 (g) The first sentence of section 204 (b) (1) of the
2 Housing and Rent Act of 1947, as amended, is amended by
3 striking out “(h) and (i)” and inserting in lieu thereof
4 “(h), (i), (k), (l), and (o)”.

5 (h) Nothing in this Act or in the Housing and Rent
6 Act of 1947, as amended, shall be construed to require any
7 person to offer any housing accommodations for rent.

8 (i) (1) The last sentence of section 4 (c) of the Hous-
9 ing and Rent Act of 1947, as amended, is amended by in-
10 serting after the word “section” the following: “for persons
11 engaged in national defense activities and”.

12 (2) Section 4 (e) of the Housing and Rent Act of
13 1947, as amended, is amended by striking out “June 30,
14 1951” and inserting in lieu thereof “February 29, 1952”.

15 (j) Section 215 of the Independent Offices Appropria-
16 tion Act, 1946 (59 Stat. 134), and section 213 of the
17 Independent Offices Appropriation Act, 1947 (60 Stat. 81),
18 are hereby repealed.

82ND CONGRESS
1ST Session

S. 1717

[Report No. 470]

A BILL

To amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

By Mr. MAYBANK

JUNE 21, 1951

Read twice and ordered to be placed on the calendar

For
Cw

Class No. 511

6 1717

12. 1880-1881

1880-1881

ADVERTISING

1. 1880-1881

2. 1880-1881

3. 1880-1881

4. 1880-1881

5. 1880-1881

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S. 1717

IN THE SENATE OF THE UNITED STATES

JUNE 25 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. CAPEHART to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, viz: At the appropriate place in the bill, insert the following:

1 SEC. 701. (v) Every person proposing to enter into a
2 contract with the United States (including any agency
3 thereof) to which the provisions of this section are appli-
4 cable shall be required as a condition of receiving an award
5 of a contract, to submit to the Government as a part of his
6 bid (or if such contract is not entered into pursuant to a
7 bid, then in other satisfactory manner prior to entry into
8 such contract) the following information:

9 (1) Those materials and services required for the
10 fulfillment of such contract which such person has avail-
11 able or has the facilities and intends to produce;

1 (2) The portion or portions of the proposed con-
2 tract that the contractor will subcontract to others, speci-
3 fying the materials, components, or services which are
4 to be subcontracted and, as to each such portion, design-
5 nating the names of firms and individuals to whom he
6 has determined to subcontract and his reasons therefor,
7 and those which are open for bids or proposals from
8 other qualified subcontractors.

9 The extent to which such control would advance the Gov-
10 ernment's interest in maintaining a healthy, competitive
11 business economy, as shown by such information, shall be
12 taken into consideration in awarding such contract. The
13 information disclosed under (1) and (2) above by persons
14 contracting with the Government shall, after the contract is
15 awarded, be made available by the procurement agency to
16 the Secretary of Commerce and publicized by him through
17 the press, boards of trade and chambers of commerce, field
18 offices of the Department of Commerce, direct mail, and such
19 other means as the Secretary may deem proper, to the end
20 that persons qualified to Government contractors and their
21 subcontractors together as he may see fit. The provisions
22 of this section shall be applicable to such contracts as may
23 be specified by the Secretary of Commerce. The Secretary

1 shall, as rapidly as may be consistent with the maintenance
2 of orderly procurement activities, make the provisions of this
3 section applicable to all Government contracts to which it
4 can feasibly and reasonably be made applicable.

82ND CONGRESS
1ST SESSION

S. 1717

AMENDMENT

Intended to be proposed by Mr. CAVENANT to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

JUNE 25 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

S. 1717

IN THE SENATE OF THE UNITED STATES

JUNE 25 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. DIRKSEN to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, viz: Strike out section 5 of the bill and insert in lieu thereof the following:

1 SEC. 105. The Defense Production Act of 1950 is
2 amended by inserting immediately after title IV thereof the
3 following title IV-A:

4 "TITLE IV-A—RENT STABILIZATION

5 "SEC. 451. The Congress recognizes that there is and
6 may be a shortage of rental housing in certain areas of the
7 country as a result of defense activities in those areas. It is
8 therefore the intention of Congress to provide necessary
9 authority to stabilize rents for housing accommodations in
10 such areas, and to prevent speculative, unwarranted. and

1 abnormal increases in rent for, and unwarranted evictions
2 from, such accommodations.

3 “SEC. 452. (a) The President is hereby authorized to
4 establish and maintain maximum rents in rent control areas.
5 In establishing maximum rents under this title, the Presi-
6 dent shall be governed by the following provisions:

7 “(1) For housing accommodations, in any rent control
8 area or portion thereof, which had a maximum rent in effect
9 under the Housing and Rent Act of 1947, as amended,
10 immediately prior to the effective date of this title, the
11 maximum rent shall not be less than the annual rent for any
12 given year selected by the owner of the accommodation
13 multiplied by the cost-of-living correction increment for the
14 appropriate year in accordance with the following schedule:
15 1943, 1.37; 1944, 1.35; 1945, 1.32; 1946, 1.25; 1947,
16 1.22; 1948, 1.16; 1949, 1.12: *Provided, however,* That in
17 no event shall the maximum rent be lower than the highest
18 rent legally received for that accommodation during the
19 period from January 1, 1942, to June 24, 1950.

20 “(2) For housing accommodations, in any rent control
21 area or portion thereof, which had no maximum rent in effect
22 under the Housing and Rent Act of 1947, as amended, the
23 maximum rent shall not be less than the rents prevailing for
24 such housing accommodations or comparable housing accom-
25 modations on June 24, 1950.

1 “(b) Subject to the limitations of paragraph (a) of this
2 section, the President may make such individual and general
3 adjustments increasing or decreasing any maximum rents on
4 housing accommodations established under this title, in any
5 rent control area or any portion thereof, or with respect to
6 any housing accommodations or any class of housing accom-
7 modations within any such area or any portion thereof, as
8 may be necessary to remove hardships or to correct other
9 inequities, or further to carry out the purposes and provisions
10 of this title: *Provided, however,* That in the case of an indi-
11 vidual adjustment increasing a maximum rent, the landlord
12 certifies that he is maintaining all services required under this
13 title at the time of application for adjustment and that he will
14 continue to maintain such services so long as the adjustment
15 in such maximum rent which may be granted continues in
16 effect.

17 “(c) In order to help assure fair adjustments for ten-
18 ants and small landlords, the President is authorized and
19 directed to designate for every rent control area an officer
20 whose functions shall be to assist tenants and small land-
21 lords by—

22 “(A) informing them concerning the conditions
23 under which rent adjustments may be obtained;

24 “(B) helping in the preparation of applications for
25 rent adjustments; and

1 “(C) providing them with such other information
2 and services as may be necessary and appropriate.

3 “(d) Nothing in this title shall be interpreted or con-
4 strued to prohibit, in the case of any rental agreement here-
5 after entered into, the demand, collection, or retention of a
6 security deposit, if said deposit does not exceed the rent for
7 one month in addition to the otherwise authorized collection
8 of rent in advance if the demand, collection, or retention of
9 such a security deposit was an accepted rental practice prior
10 to June 24, 1950, in the area in which the premises are
11 located, or was customarily required before that date by
12 the same landlord in the renting of the particular housing
13 accommodations involved, and if the tenant is allowed, under
14 the terms of the rental agreement, to occupy the premises
15 for the period covered by the security deposit without further
16 payment of rent.

17 “(e) (1) The President, upon recommendation of a
18 local advisory board, or upon his own initiative, is hereby
19 authorized to remove any or all maximum rents, in any
20 rent control area or portion thereof, or with respect to any
21 class of housing accommodations in any such area or portion
22 thereof, whenever in his judgment it is no longer necessary,
23 to effectuate the purposes of this title, to continue maximum
24 rents in such area or portion thereof or with respect to such
25 class of housing accommodations.

1 “(2) (i) Whenever the Governor of any State advises
2 the President that the legislature of such State has adequately
3 provided for the establishment and maintenance of maximum
4 rents, or has specifically expressed its intent that State rent
5 control shall be in lieu of Federal rent control, with respect
6 to housing accommodations within defense-rental areas in
7 such State and of the date on which such State rent control
8 will become effective, the President shall immediately make
9 public announcement to the effect that he has been so ad-
10 vised. At the same time all rent controls under this Act
11 as amended, with respect to housing accommodations within
12 such State shall be terminated as of the date on which State
13 rent control is to become effective. As used in this sub-
14 section, the term “State” means any State, Territory, or
15 possession of the United States.

16 “(ii) If any State by law declares that Federal rent
17 control is no longer necessary in such State or any part
18 thereof and notifies the President of that fact, the President
19 shall immediately make public announcement to the effect
20 that he has been so advised. At the same time all rent
21 controls under this Act, as amended, with respect to housing
22 accommodations within such State or part thereof shall be
23 terminated on the fifteenth day after receipt of such advice.
24 As used in this subsection, the term ‘State’ means any
25 State, Territory, or possession of the United States.

1 “(iii) The President shall terminate the provisions of
2 this title in any incorporated city, town, village, or in the
3 unincorporated area of any county upon receipt of a resolu-
4 tion of its governing body adopted for that purpose in accord-
5 ance with applicable local law and based upon a finding
6 of such governing body reached as the result of a public
7 hearing held after ten days’ notice, that there no longer
8 exists such a shortage in rental housing accommodations as
9 to require rent control in such city, town, village, or unin-
10 corporated area in such county: *Provided*, That where the
11 major portion of a defense-rental area has been decontrolled
12 pursuant to this paragraph (iii), the President shall decontrol
13 any unincorporated locality in the remainder of such area.

14 “(iv) Whenever the governing body of any incorporated
15 city, town, village, or an unincorporated area of any county
16 advises the President that it has, in accordance with appli-
17 cable local law, adequately provided for the establishment of
18 and maintenance of maximum rents, or has specifically ex-
19 pressed its intent that local rent control shall be in lieu of
20 Federal rent control and of the date on which such local
21 control will become effective, the President shall immediately
22 make public announcement of the fact that he has been so
23 advised. At the same time all rent controls under this Act,

1 as amended, with respect to housing accommodations within
2 such locality shall be terminated as of the date on which
3 State rent control is to become effective.

4 “(3) Maximum rents in any critical defense housing
5 area shall be terminated at such time as the Secretary of
6 Defense and the Director of Defense Mobilization, acting
7 jointly, shall determine and certify to the President that such
8 area is no longer a critical defense housing area, or as other-
9 wise provided in this subsection (e) or subsection (b) of
10 section 453: *Provided, however,* That in any area where
11 maximum rents are removed under the procedures provided
12 in said subsections, maximum rents may be reestablished
13 after the expiration of thirty days on the determination and
14 certification of the Secretary of Defense and the Director of
15 Defense Mobilization, acting jointly.

16 “(f) Except as otherwise specifically provided, as used
17 in this title—

18 “(1) The term ‘housing accommodations’ means any
19 building, structure, or part thereof, or land appurtenant
20 thereto, or any other real or personal property rented or
21 offered for rent for living or dwelling purposes (including
22 houses, apartments, hotels, rooming- or boarding-house
23 accommodations, and other properties used for living or

1 dwelling purposes) together with all privileges, services,
2 furnishings, furniture, and facilities connected with the use
3 or occupancy of such property.

4 “(2) The term ‘controlled housing accommodations’
5 means housing accommodations on which a maximum rent
6 is in effect under this title in any rent control area.

7 “(3) The term ‘Rent control area’ means—

8 “(i) any area in the United States, its Territories
9 and possessions, designated by the President as a critical
10 defense area where, in the judgment of the Secretary of
11 Defense and the Director of Defense Mobilization, rent
12 stabilization is necessary to effectuate the purposes of
13 this title by reason of the existence in such area of the
14 following conditions:

15 “(A) a new defense plant or installation has
16 been or is to be provided, or an existing defense
17 plant or installation has been or is to be reactivated
18 or its operation substantially expanded;

19 “(B) substantial in-migration of defense work-
20 ers or military personnel is required to carry out
21 activities at such plant or installation; and

22 “(C) a substantial shortage of rental housing
23 required for such defense workers or military per-
24 sonnel exists or impends which impedes or threatens

1 to impede activities at such defense plant or instal-
2 lation; or

3 “(ii) any State which by law declares that there
4 exists such a shortage in rental housing accommodations
5 as to require Federal rent control in such State; or

6 “(iii) any incorporated city, town, village, or any
7 unincorporated area of any county (other than a city,
8 town, village, or unincorporated area within a State which
9 is controlling rents) which transmits to the President a
10 resolution of its governing body adopted for that purpose
11 in accordance with applicable local law and based upon
12 a finding by such governing body, reached as a result
13 of a public hearing held after ten days’ notice, that there
14 exists such a shortage in rental housing accommodations
15 as to require Federal rent control in such city, town,
16 village, or unincorporated area in such county.

17 “(4) The term ‘rent’ means the consideration, including
18 any bonus, benefit, or gratuity demanded or received for or
19 in connection with the use or occupancy of housing accom-
20 modations, or the transfer of a lease of housing accommo-
21 dations.

22 “(g) No maximum rents shall be established under
23 this title for housing accommodations in any State where

1 rent control is in effect or in any locality where local rent
2 control is in effect, unless the rent component of the Con-
3 sumers' Index of the Bureau of Labor Statistics for such
4 State or locality has increased more than the United States
5 average of the rent component of such index during the last
6 six months for which such index is available immediately pre-
7 ceding the establishment of such maximum rents. The rent
8 component of the Consumers' Index of the Bureau of Labor
9 Statistics for any State shall be the average weighted by
10 population as determined by the Bureau of Labor Statistics
11 for all reported cities in the State, except that where only
12 one city is reported, the rent component for the State shall be
13 the rent component for that city. Upon the establishment of
14 a maximum rent pursuant to this title for any housing ac-
15 commodation in a State in which State rent control is in
16 effect, State rent control shall thereupon terminate. Upon
17 the establishment of maximum rents pursuant to this title for
18 housing accommodations in a locality in which local rent
19 control is in effect, local rent control shall thereupon termi-
20 nate. The rent components for any locality subject to local
21 rent control shall be the rent component as established by
22 the Bureau of Labor Statistics for that locality. Where data
23 concerning rents have not been heretofore collected for a
24 city in a State having State rent control or for a particular
25 locality which has local rent control, the President may cause

1 a survey to be made by the Bureau of Labor Statistics for
2 the purpose of establishing a rent component for that State
3 or locality. For the purposes of this subsection, State rent
4 control shall be deemed in effect in any State in which maxi-
5 mum rents may be established pursuant to State law through-
6 out the State and are in effect in any part of the State,
7 regardless of whether maximum rents are actually in effect
8 in every locality of the State.

9 “(h) Whenever an area has been certified under sub-
10 section (1) to be a critical defense housing area real-estate
11 construction credit controls imposed until title VI of the De-
12 fense Production Act of 1950 shall be relaxed to the extent
13 necessary to encourage construction of housing for defense
14 workers and military personnel. The fact that any area has
15 been certified as a critical defense housing area under sub-
16 section (1) shall not make such area ineligible for the loca-
17 tion of additional defense plants, facilities, or installations, or
18 as a source of additional military procurement of any sort.

19 “SEC. 453. (a) The President is authorized and directed
20 to create local advisory boards or to continue in existence
21 local advisory boards created under the Housing and Rent
22 Act of 1947, as amended, in any rent-control area or portion
23 thereof in which rents of housing accommodations are being
24 regulated under this title. The President shall, whenever in
25 his judgment there is need therefor, create or continue in

1 existence such local advisory boards in any rent-control area
2 or portion thereof in which rents for housing accommodations
3 are not being regulated under this title. Each such board
4 shall consist of not less than five members who are citizens
5 of the area and who, insofar as practicable, as a group are
6 representative of the affected interests in the area, to be
7 appointed by the President from recommendations made by
8 the respective Governors: *Provided*, That in any case where
9 the Governor has made no recommendation for original ap-
10 pointments to local advisory boards or appointments to fill
11 vacancies within thirty days after request therefor (subse-
12 quent to the effective date of this title) the President shall
13 without such recommendations appoint the original members
14 of such boards or such members as may be required to fill
15 vacancies. Nothing in the foregoing provisions shall require
16 the reappointment of present members of local advisory
17 boards, but any change in membership of any local advisory
18 board shall be effectuated as promptly as may be practicable
19 after the need for appointment shall arise.

20 “(b) Such boards may make such recommendations to
21 the President as to housing accommodations within their
22 jurisdiction as they may deem advisable with respect to the
23 establishment, reestablishment, continuation, or removal of
24 maximum rents, general adjustments of maximum rents, and
25 operations generally of local rent offices (including recom-

1 mendations for changes in the regulations, operating pro-
2 cedures, and recommendations as to rent adjustments in
3 individual cases). The President shall give immediate con-
4 sideration to the recommendations of local advisory boards,
5 and if such recommendations are appropriately substantiated
6 he shall promptly take measures to place such recommenda-
7 tions in effect.

8 “For the purposes of this paragraph any recommenda-
9 tion of a local board as to a matter referred to herein shall
10 be deemed to be appropriately substantiated and in accord-
11 ance with applicable law and regulations and shall be carried
12 into effect as hereinafter provided—

13 “(A) if the local board held a public hearing on
14 such matter at which interested persons (including repre-
15 sentatives of the State and of political subdivisions there-
16 of) were given a reasonable opportunity to be heard,
17 by pleadings or otherwise, with right to be represented
18 by counsel;

19 “(B) if notice of the date, time, place, and purpose
20 of such hearing was given (i) in writing to the Gov-
21 ernor of the State not less than fifteen days prior to
22 such date, and (ii) by publication in a newspaper of
23 general circulation in the area over which the local
24 board has jurisdiction at least fifteen days prior to such

1 date, and a second notice was given by publication in
2 such a newspaper at least five days prior to such date;

3 “(C) if a copy of the local board’s recommendation
4 was filed with the Governor of the State within five
5 days after such recommendation was mailed to the
6 President;

7 “(D) if a record is made of the evidence adduced
8 at the public hearing held by the local board, and the
9 local board certifies and transmits to the President, with
10 such recommendation, a transcript of such record, or of
11 those parts of such record, upon which its recommenda-
12 tion is based and a written statement of its findings
13 made upon the basis of such records; and

14 “(E) if the record so certified and transmitted to
15 the President contains evidence to support the findings
16 and recommendation of the local board.

17 “(c) The President shall furnish the local advisory
18 boards suitable office space, stenographic assistance and re-
19 porting services for public hearings (including attendance
20 fees) and shall make available to such boards any records and
21 other information in the possession of the President with
22 respect to the establishment and maintenance of maximum
23 rents and housing accommodations in the respective rent-
24 control areas which may be requested by such boards.

25 “SEC. 454. (a) At any time within six months after

1 the effective date of any regulation or within sixty days of
2 the effective date of any order relating to rent control under
3 this title, or in the case of new grounds arising after the
4 effective date of any such regulation relating to rent control,
5 within six months after such new grounds arise, any person
6 subject to any provision of such regulation or order may, in
7 accordance with regulations to be prescribed by the Presi-
8 dent, file a protest specifically setting forth objections to any
9 such provision and affidavits or other written evidence in
10 support of such objections. Statements in support of any such
11 regulation or order may be received and incorporated in the
12 transcript of proceedings at such times and in accordance
13 with such regulations as may be prescribed by the Presi-
14 dent. Within a reasonable time after the filing of any pro-
15 test under this section, but in no event more than thirty
16 days after such filing, the President shall either grant or
17 deny such protest in whole or in part, notice such protest
18 for hearing, or provide an opportunity to present further
19 evidence in connection therewith. In the event that the
20 President denies any such protest in whole or in part, he
21 shall inform the protestant of the grounds upon which such
22 decision is based and of any economic data and other facts
23 of which the President has taken official notice.

24 “(b) In the administration of this title, the President
25 may take official notice of economic data and other facts,

1 including facts found by him as a result of action taken under
2 section 705 of this Act.

3 “(c) Any proceedings under this section may be limited
4 by the President to the filing of affidavits, or other written
5 evidence and the filing of briefs. Any protest filed under
6 this section shall be granted or denied by the President, or
7 granted in part and the remainder of it denied within a
8 reasonable time after it is filed. Any protestant who is
9 aggrieved by undue delay on the part of the President in
10 disposing of his protest may petition the Emergency Court
11 of Appeals for relief; and such court shall have jurisdiction
12 by appropriate order to require the President to dispose of
13 such protest within such time as may be fixed by the court
14 and if the President does not act finally within the time fixed
15 by the court, the protest shall be deemed to be denied at the
16 expiration of that period.

17 “SEC. 455. As to any person aggrieved by the denial or
18 partial denial of his protest by an order issued on or after
19 the effective date of this title section 408 of this Act shall
20 apply, except that for the purposes hereof the references in
21 section 408 to sections 407, 409 and 706, shall mean sections
22 455, 456, and 457, respectively, and the term ‘price controls’
23 shall mean ‘rent controls’.

24 “SEC. 456. (a) Any person who demands, accepts, re-

1 ceives, or retains any payment of rent in excess of the maxi-
2 mum rent prescribed under the provisions of this title, or any
3 regulation, order or requirement thereunder, shall be liable
4 to the person from whom such payment is demanded, ac-
5 cepted, received, or retained (or shall be liable to the United
6 States as hereinafter provided) for reasonable attorney's fees
7 and costs as determined by the court, plus liquidated damages
8 in the amounts of (1) \$50, or (2) not more than three
9 times the amount by which the payment or payments de-
10 manded, accepted, received, or retained exceed the maximum
11 rent which could lawfully be demanded, accepted, received,
12 or retained as the court in its discretion may determine,
13 whichever in either case may be the greater amount: *Pro-*
14 *vided*, That the amount of such liquidated damages shall be
15 the amount of the overcharge or overcharges if the plaintiff
16 fails to prove that the violation was willful.

17 “(b) Any person who unlawfully evicts a tenant shall
18 be liable to the person so evicted (or shall be liable to the
19 United States as hereinafter provided) for reasonable attor-
20 ney's fees and costs as determined by the court, plus liqui-
21 dated damages (calculated on a monthly basis) in the
22 amounts of (1) one month's rent or \$50, whichever is
23 greater, or (2) not more than three times such monthly
24 rent, or \$150, whichever is greater: *Provided*, That the

1 amount of such liquidated damages shall be the amount of
2 one month's rent if the plaintiff fails to prove that the
3 violation was willful.

4 “(c) Suit to recover liquidated damages as provided in
5 this section may be brought, notwithstanding any other pro-
6 visions of this Act, in any Federal court of competent juris-
7 diction regardless of the amount involved, or in any State or
8 Territorial court of competent jurisdiction, within one year
9 after the date of violation. For the purpose of determining
10 the amount of liquidated damages to be awarded to the
11 plaintiff in an action brought under subsection (a) of this
12 section, all violations alleged in an action under said sub-
13 section (a) which were committed by the defendant with
14 respect to the plaintiff prior to the bringing of such an action
15 shall be deemed to constitute one violation and, in such action
16 under subsection (a) of this section, the amount demanded,
17 accepted, received, or retained in connection with such one
18 violation shall be deemed to be the aggregate amount de-
19 manded, accepted, received, or retained in connection with
20 all such violations. A judgment for damages or on the
21 merits in any action under either subsection (a) or (b) of
22 this section shall be a bar to any recovery under the same
23 subsection of this section in any other action against the same

1 defendant on account of any violation with respect to the
2 same person prior to the institution of the action in which
3 such judgment was rendered.

4 “SEC. 457. (a) It shall be unlawful for any person to
5 demand, accept, receive, retain, or pay any rent for the use
6 or occupancy of any controlled housing accommodations in
7 excess of the maximum rent prescribed under this title, or
8 otherwise to do or omit to do any act, in violation of this
9 title, or of any regulation or order or requirement under this
10 title, or to offer, solicit, attempt, or agree to do any of the
11 foregoing.

12 “(b) It shall be unlawful for any person to evict, re-
13 move, or exclude or cause to be evicted, removed, or
14 excluded any tenant from any controlled housing accom-
15 modations in any manner or upon any grounds so long as the
16 tenant continues to pay the rent to which the landlord is
17 entitled, unless—

18 “(1) under the law of the State in which the action
19 or proceeding is brought the tenant is (A) violating the
20 obligation of his tenancy (other than an obligation to
21 pay rent higher than rent permitted under this Act or an
22 obligation to surrender possession of such housing ac-
23 commodatons) or (B) is committing a nuisance in such

1 housing accommodations or using such housing accom-
2 modations for an immoral or illegal purpose or for other
3 than living or dwelling purposes;

4 “(2) the landlord seeks in good faith to recover
5 possession of such housing accommodations for his im-
6 mediate and personal use and occupancy as housing
7 accommodations;

8 “(3) the landlord has in good faith contracted in
9 writing to sell the housing accommodations to a pur-
10 chaser for the immediate and personal use and occupancy
11 as housing accommodations by such purchaser;

12 “(4) the landlord seeks in good faith to recover
13 possession of such housing accommodations (A) for the
14 immediate purpose of substantially altering or remodel-
15 ing the same for continued use as housing accommoda-
16 tions, or for the immediate purpose of conversion into
17 additional housing accommodations, and the altering,
18 remodeling, or conversion cannot practically be done
19 with the tenant in occupancy, and the landlord has ob-
20 tained such approval as may be required by Federal,
21 State, or local law for the alterations, remodeling, or
22 any conversion planned, or (B) for the immediate
23 purpose of demolishing such housing accommodations;

24 “(5) the landlord seeks in good faith to recover
25 possession of such housing accommodations for the im-

1 mediate purpose of withdrawing such housing accom-
2 modations from the rental market, and such housing
3 accommodations shall not thereafter be offered for rent
4 as such; or

5 “(6) the housing accommodations have been ac-
6 quired by a State or any political subdivision thereof
7 for the purpose of making a public improvement and
8 are rented temporarily pending the construction of such
9 improvement.

10 “(c) Notwithstanding any other provision of this Act,
11 the United States or any State or local public agency may
12 maintain an action or proceeding to recover possession of
13 any housing accommodations operated by it where such
14 action or proceeding is authorized by the statute or regula-
15 tions under which such accommodations are administered:
16 *Provided*, That nothing in this subsection shall be deemed
17 to authorize the maintenance of any such action or proceed-
18 ing upon the ground that the income of the occupants of the
19 housing accommodations exceeds the allowable maximum
20 unless such income, less any amounts paid to such occupants
21 by the Veterans' Administration on account of service-
22 connected disability or disabilities, exceeds the allowable
23 maximum.

24 “(d) No tenant shall be obliged to surrender posses-
25 sion of any housing accommodations pursuant to the provi-

1 sions of paragraph (2), (3), (4), (5), or (6) of subsec-
2 tion (a) until the expiration of at least sixty days after
3 written notice from the landlord that he desires to recover
4 possession of such housing accommodations for one of the
5 purposes specified in such paragraphs.

6 “(e) Any person who lawfully gains possession from
7 a tenant of any controlled housing accommodations, and
8 thereafter fails fully to comply with such requirements or
9 conditions as may have been imposed for such possession by
10 the provisions of this title or any regulation, order, or re-
11 quirement thereunder, shall also be deemed to have unlaw-
12 fully evicted such tenant and shall be liable to such tenant,
13 or to the United States, as provided in this title. It shall
14 also be unlawful for any person to remove or attempt to re-
15 move from any controlled housing accommodations the ten-
16 ant or occupant thereof or to refuse to renew the lease or
17 agreement for the use of such accommodations, because such
18 tenant or occupant has taken, or proposes to take, action
19 authorized or required by this title or any regulation, order,
20 or requirement thereunder.

21 “(f) Whenever in the judgment of the President any
22 person has engaged or is about to engage in any acts or
23 practices which constitute or will constitute a violation of
24 any provision of section 457 of this title, he may make
25 application to any Federal court of competent jurisdiction

1 regardless of the amount involved, or to any State or Terri-
2 torial court of competent jurisdiction, for an order rejoining
3 such acts or practices, or for an order enforcing compliance
4 with such provision, and upon a showing by the President
5 that such person has engaged or is about to engage in any
6 such acts or practices a permanent or temporary injunction,
7 restraining order, or other order, with or without such in-
8 junction or restraining order, shall be granted without bond.

9 "SEC. 458. Whenever in the judgment of the President
10 such action is necessary or proper in order to effectuate the
11 purposes of this title, he may, by regulation or order, regu-
12 late or prohibit speculative or manipulative practices or rent-
13 ing or leasing practices in connection with any controlled
14 housing accommodations, which in his judgment are equiv-
15 alent to or are likely to result in rent increases inconsistent
16 with the purposes of this Act.

17 "SEC. 459. The President shall administer the authority
18 contained in this title through the new independent agency
19 created pursuant to section 403 of this Act.

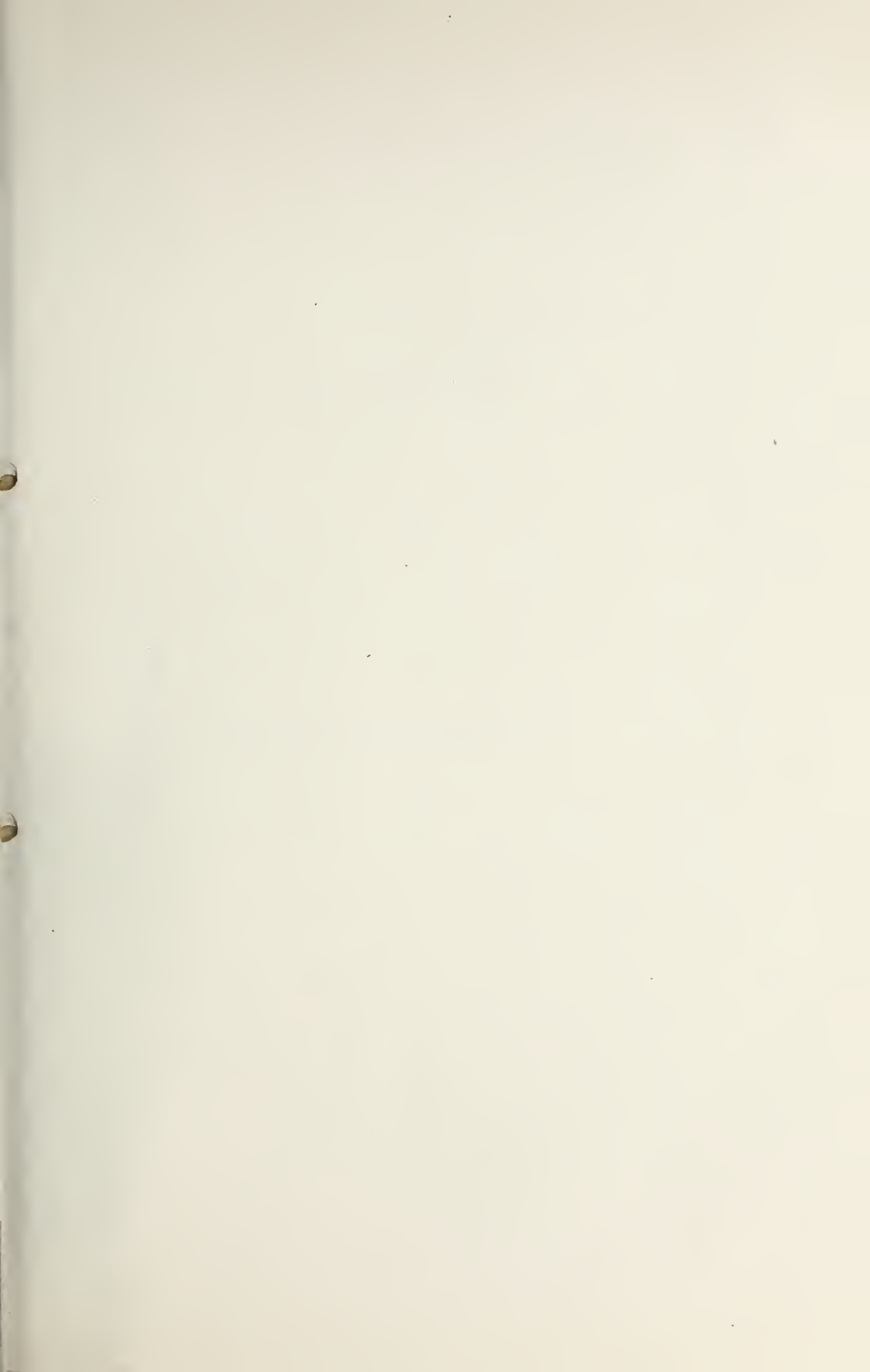
20 "SEC. 460. Nothing in this title shall be construed to
21 require any person to offer any accommodations for rent.

22 "SEC. 461. As to offenses committed or rights or liabili-
23 ties incurred prior to the termination of this title, the provi-
24 sions of this title and regulations, orders, and requirements
25 thereunder shall be treated as still remaining in full force for

1 the purpose of sustaining any proper suit, action, or prosecu-
2 tion with respect to any such right, liability, or offense, not-
3 withstanding the termination of this title in accordance with
4 section 1 (b) of this Act.

5 "SEC. 462. (a) Section 204 (f) of the Housing and
6 Rent Act of 1947, as amended, is amended by striking out
7 'June 30, 1951' and inserting in lieu thereof 'August 31,
8 1951'.

9 "(b) Section 4 (e) of the Housing and Rent Act of
10 1947, as amended, is amended by striking out 'June 30,
11 1951' and inserting in lieu thereof 'February 29, 1952'."



82ND CONGRESS
1ST SESSION

S. 1717

AMENDMENT

Intended to be proposed by Mr. DIRKSEN to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

JUNE 25 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

Calendar No. 448

82^D CONGRESS
1ST SESSION

S. 1717

IN THE SENATE OF THE UNITED STATES

JUNE 25 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. DIRKSEN to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, viz: On page 2, strike out lines 1 to 3, inclusive, and insert in lieu thereof the following:

- 1 “(b) Titles V and VI of this Act and all authority
- 2 conferred thereunder shall terminate at the close of February
- 3 29, 1952; and title IV of this Act and all authority conferred
- 4 thereunder shall terminate at the close of June 30, 1951.”

82ND CONGRESS
1ST SESSION

S. 1717

AMENDMENT

Intended to be proposed by Mr. DIRKSEN to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

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S. 1717

IN THE SENATE OF THE UNITED STATES

JUNE 25 (legislative day, JUNE 21), 1951

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AMENDMENT

Proposed by Mr. DOUGLAS (for himself, Mr. SPARKMAN, Mr. LEHMAN, Mr. MOODY, Mr. BENTON, Mr. IVES, and Mr. HENDRICKSON) to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, viz:

- 1 On page 2, strike lines 4 through 13, inclusive (being
- 2 section 2).

6-25-51—D

82D CONGRESS
1ST SESSION

S. 1717

AMENDMENT

Proposed by Mr. DOUGLAS (for himself, Mr. SPARKMAN, Mr. LEHMAN, Mr. MOODY, Mr. BENTON, Mr. IYES, and Mr. HENDRICKSON) to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

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82D CONGRESS
1ST SESSION

S. 1717

IN THE SENATE OF THE UNITED STATES

JUNE 25 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. FERGUSON to the bill (S. 1717)
to amend and extend the Defense Production Act of 1950
and the Housing and Rent Act of 1947, as amended, viz:

1 At the appropriate place in the bill, insert the following
2 new section:

3 Section 402 (c) Defense Production Act of 1950 is
4 amended by adding at the end thereof the following new
5 paragraph:

6 "In establishing a ceiling or ceilings pursuant to the
7 authority conferred in this section, specific standards and
8 criteria shall be established and maintained by the applicable
9 orders and regulations, and such standards and criteria shall
10 be uniform in application to all persons and industries within

1 each of the following general business classifications: Mining,
2 manufacturing, wholesaling, retailing, importation of goods,
3 exportation of goods, agricultural products, and such other
4 general business activities, exclusive of the foregoing, as the
5 President may determine, so that no person or industry shall
6 be discriminated against or receive less favorable treatment
7 than any other person or industry within the same general
8 business classification; and any ceiling price order or regula-
9 tion heretofore issued shall be amended or modified forth-
10 with by the President to the extent necessary to eliminate any
11 previous or existing discrimination or less favorable treatment
12 with respect to any person or industry.”

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82ND CONGRESS
1ST SESSION

S. 1717

AMENDMENT

Intended to be proposed by Mr. FERGUSON to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

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82D CONGRESS
1ST SESSION

S. 1717

IN THE SENATE OF THE UNITED STATES

JUNE 25 (legislative day, JUNE 21), 1951
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. FERGUSON to the bill (S. 1717)
to amend and extend the Defense Production Act of 1950 and
the Housing and Rent Act of 1947, as amended, viz:

1 On page 2, line 13, strike the period and insert a colon
2 and the following: "*Provided*, That the President shall in-
3 crease the ceiling price of any person subject to any ceiling
4 price order or regulation by the excess, if any, of the increases
5 in rates of direct wages, salaries, and the increases in prices
6 paid by him for direct materials or services (after deduction
7 for any decreases in such rates and prices) with respect to
8 the product subject to such order or regulation from June 24,
9 1950, to January 26, 1951, over the aggregate amount of
10 any price increases for such product placed in effect by such
11 person between June 24, 1950, and the enactment of this
12 paragraph."

82d CONGRESS
1st Session

S. 1717

AMENDMENT

Intended to be proposed by Mr. Ferguson to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

JUNE 25 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

Calendar No. 448

82^D CONGRESS
1ST SESSION

S. 1717

IN THE SENATE OF THE UNITED STATES

JUNE 25 (legislative day, JUNE 21), 1951
Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. IVES (for himself and Mr. CAPEHART) to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, viz:

1 On page 2, lines 2 and 3, strike out "February 29, 1952"
2 and insert "November 30, 1951".

3 On page 3, line 8, strike out "February 29, 1952" and
4 insert "November 30, 1951".

5 On page 15, line 14, strike out "February 29, 1952"
6 and insert "November 30, 1951".

82^d CONGRESS
1ST SESSION

S. 1717

AMENDMENTS

Intended to be proposed by Mr. Ives (for himself and Mr. Cavenaht) to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

JUNE 25 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

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82^D CONGRESS
1ST SESSION

S. 1717

IN THE SENATE OF THE UNITED STATES

JUNE 25 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. LEHMAN to the bill (S. 1717)
to amend and extend the Defense Production Act of 1950
and the Housing and Rent Act of 1947, as amended, viz:

1 On page 14, between lines 2 and 3, insert the following
2 new subsection:

3 (f) Section 206 of the Housing and Rent Act of 1947,
4 as amended, is further amended by adding at the end thereof
5 a new subsection as follows:

6 “(e) After the enactment of this subsection, no appli-
7 cant for controlled housing accommodations shall be denied
8 the right to occupy such accommodations solely on the
9 ground that the applicant has children. Any person who
10 willfully violates the provisions of this subsection shall, upon
11 conviction thereof, be subject to a fine of not more than \$500

1 or to imprisonment for not more than sixty days, or to both
2 such fine and imprisonment.”

3 On page 14, line 3, strike out “(f)” and insert in lieu
4 thereof “(g)”.

5 On page 15, line 1, strike out “(g)” and insert in lieu
6 thereof “(h)”.

7 On page 15, line 5, strike out “(h)” and insert in lieu
8 thereof “(i)”.

9 On page 15, line 8, strike out “(i)” and insert in lieu
10 thereof “(j)”.

11 On page 15, line 15, strike out “(j)” and insert in lieu
12 thereof “(k)”.

AMENDMENTS

Intended to be proposed by Mr. LERMAN to the bill (S. 1717) to amend and extend the Defense Production Act of 1950, and the Housing and Rent Act of 1947, as amended.

JUNE 25 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

Calendar No. 448

82D CONGRESS
1ST SESSION

S. 1717

IN THE SENATE OF THE UNITED STATES

JUNE 25 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. McCARRAN to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, viz:

1 On page 15, following line 18, insert the following new
2 section:

3 SEC. 6. (a) Clause (4) of section 2 (a) of the Admin-
4 istrative Procedure Act is amended to read as follows:

5 “(4) the functions conferred by the following statutes:
6 the Universal Military Training and Service Act; the Con-
7 tract Settlement Act of 1944; and the Surplus Property Act
8 of 1944”.

9 (b) All laws or parts of laws enacted prior to the date
10 of enactment of this section which grant exemption from
11 the provisions of the Administrative Procedure Act are re-

1 repealed, and the following parts of laws are specifically
2 repealed:

3 (1) Section 302 of the First Supplemental Appro-
4 priation Act, 1947 (60 Stat. 918) ;

5 (2) Section 601 of the Social Security Act Amend-
6 ments of 1946 (60 Stat. 993) ;

7 (3) Section 6 (a) of the Sugar Control Extension
8 Act of 1947 (61 Stat. 37) ;

9 (4) Section 210 of the Housing and Rent Act of
10 1947 (61 Stat. 201) ;

11 (5) Section 301 of the Housing and Rent Act of
12 1948 (62 Stat. 99) ;

13 (6) Section 5 of the Second Decontrol Act of 1947
14 (61 Stat. 323) ;

15 (7) Section 7 of the Export Control Act of 1949
16 (Public Law 11, Eighty-first Congress) ;

17 (8) Section 3 (i) of the International Wheat
18 Agreement Act of 1949 (Public Law 421, Eighty-first
19 Congress) ;

20 (9) The first sentence of section 709 of the De-
21 fense Production Act of 1950 (Public Law 774, Eighty-
22 first Congress) ;

23 (10) The paragraph headed "General Provisions—
24 Department of Justice" in chapter III of the Supple-

1 mental Appropriation Act, 1951 (Public Law 843,
2 Eighty-first Congress) ; and

3 (11) Section 305 of the Federal Civil Defense Act
4 of 1950 (Public Law 920, Eighty-first Congress).

5 (c) Nothing contained in this section shall be con-
6 strued to invalidate, or to require any change in, any pro-
7 ceedings conducted by or before any agency of the Govern-
8 ment which were commenced prior to the effective date of
9 this section, or to invalidate any action of any such agency
10 taken prior to such date or any action taken after such date
11 in connection with any such proceedings.

12 (d) This section shall become effective on the thirtieth
13 day following the date of its enactment.

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1ST SESSION

S. 1717

AMENDMENT

Intended to be proposed by Mr. McCarran to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

JUNE 25 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

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82D CONGRESS
1ST SESSION

S. 1717

IN THE SENATE OF THE UNITED STATES

JUNE 25 (legislative day, JUNE 21), 1951
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. O'MAHONEY (for himself, Mr. SPARKMAN, and Mr. FULBRIGHT) to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, viz:
At the proper place in the bill insert the following:

1 (e) Title III of the Defense Production Act of 1950 is
2 amended by adding at the end thereof the following new
3 section:

4 "SEC. 305. (a) No construction or expansion of plants,
5 factories, or other facilities shall be (1) undertaken, or
6 assisted by means of loans (including participations in, or
7 guaranties of, loans), by the United States under this or
8 any other Act, or (2) certified under section 124A of the
9 Internal Revenue Code (relating to amortization for tax
10 purposes), and no equipment, facilities, or processes owned

1 by the Government shall be installed under the authority of
2 this or any other Act in any plant, factory, or other industrial
3 facility which is privately owned, unless the President shall
4 have determined that the proposed location of such construc-
5 tion, expansion, or installation is consistent, insofar as prac-
6 ticable, with a sound policy of (1) utilizing fully the human
7 and material resources of the Nation wherever located, (2)
8 dispersing productive capacity for purposes of national se-
9 curity, and (3) minimizing the necessity for further con-
10 centrations of population in areas in which available housing
11 and community facilities are presently overburdened.

12 “(b) In making the determination required by sub-
13 section (a), the President shall give consideration to location
14 in counties, or comparable governmental subdivisions,
15 which—

16 “(1) have natural resources embracing minerals,
17 metals, materials, and other commodities valuable to
18 the defense program;

19 “(2) are not fully utilizing their employed labor
20 forces (as indicated by a relatively low rate of produc-
21 tion per worker), or are not fully utilizing their natural
22 resources;

23 “(3) are relatively underdeveloped industrially;

24 “(4) by reason of outward migration since 1930,

1 have not retained their natural increase in population;
2 and

3 “(5) are relatively less vulnerable to enemy attack
4 by reason of geographic location, or the absence of
5 heavy concentrations of population or vital defense
6 industry.

7 “(c) The President shall make quarterly reports to the
8 Congress on the administration of this section. Such reports
9 shall reveal the extent to which the policy objectives of this
10 section have been attained, the cases in which they have
11 been found impracticable of attainment, and the criteria used
12 in such cases. Such reports may include such recommenda-
13 tions as the President may deem appropriate.”

S. 1717

AMENDMENT

Intended to be proposed by Mr. O'MAHONEY
(for himself, Mr. SPARKMAN, and Mr. FULL-
BRIGHT) to the bill (S. 1717) to amend and
extend the Defense Production Act of 1950
and the Housing and Rent Act of 1947, as
amended.

JUNE 25 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

82D CONGRESS
1ST SESSION

IN THE SENATE OF THE UNITED STATES

JUNE 25 (legislative day, JUNE 21), 1951

Ordered to be printed

Proposed by Mr. WILLIAMS to the amendment proposed by Mr. DOUGLAS and others to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, viz:

2 SUSPENSION OF PRICE SUPPORTS ON AGRICULTURAL
3 COMMODITIES

(b) Section 402 (d) (3) of the Defense Production Act of 1950 is amended by striking out “Nothing contained in this Act shall be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any market-

1 ing agreement, license, or order, or any provision thereof or
2 amendment thereto, heretofore or hereafter made or issued
3 under the provisions of such Act", and inserting in lieu
4 thereof the following: "Notwithstanding any other provision
5 of law, no department or agency of the United States shall
6 undertake or continue to support, by purchase, loan, or other
7 operation, the price of any agricultural commodity".

8 On page 3, line 6, strike out "SEC. 5" and insert
9 "SEC. 6".

82D CONGRESS
1ST SESSION

S. 1717

AMENDMENTS

Proposed by Mr. WILLIAMS to the amendment
proposed by Mr. DOUGLAS and others to the
bill (S. 1717) to amend and extend the De-
fense Production Act of 1950 and the Hous-
ing and Rent Act of 1947, as amended.

JUNE 25 (legislative day, JUNE 21), 1951
Ordered to be printed

nection therewith; to the Committee on the Judiciary.

(See the remarks of Mr. O'CONOR when he introduced the above bill, which appear under a separate heading.)

By Mr. O'CONOR (for himself and Mr. TAFT):

S. 1748. A bill to amend section 32 of the Trading With the Enemy Act, as amended, with reference to the designation of organizations as successors in interest to deceased persons; to the Committee on the Judiciary.

(See the remarks of Mr. O'CONOR when he introduced the above bill, which appear under a separate heading.)

ORGANIZED CRIME IN INTERSTATE COMMERCE

Mr. O'CONOR. Mr. President, on behalf of myself, the Senator from Tennessee [Mr. KEFAUVER], the Senator from Wyoming [Mr. HUNT], the Senator from New Hampshire [Mr. TOBEY], and the Senator from Wisconsin [Mr. WILEY], members of the Committee to Investigate Organized Crime in Interstate Commerce, I introduce for appropriate reference a bill to permit the compelling of testimony under certain conditions and to grant immunity from prosecution in connection therewith, and I ask unanimous consent that a statement by me be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred, and, without objection, the statement will be printed in the RECORD.

The bill (S. 1747) to permit the compelling of testimony under certain conditions and to grant immunity from prosecution in connection therewith, introduced by Mr. O'CONOR (for himself and other Senators), was read twice by its title, and referred to the Committee on the Judiciary.

The statement presented by Mr. O'CONOR is as follows:

STATEMENT BY SENATOR O'CONOR

The bill carries out another important recommendation made in the third interim report of the committee, filed in the Senate on May 1, 1951.

This bill relates to the privilege against self-incrimination conferred on witnesses by the fifth amendment to the Constitution of the United States. For more than 50 years the courts have held that this privilege can be modified and the witness compelled to testify when his testimony is deemed important enough to warrant immunity from prosecution for any crime revealed in the course of such testimony. Committees of Congress and more than 20 administrative and quasi-judicial agencies now have statutes which make it possible for them to confer immunity and elicit testimony from witnesses notwithstanding this privilege against self-incrimination. Yet, curiously, the principal law-enforcement agency of our Government is unable to do the same thing in the course of ordinary grand jury investigations and criminal prosecutions. This situation came to the attention of the committee many times in the course of its investigation and has been noted by the Attorney General himself on numerous occasions.

The bill which I am introducing today is the result of full cooperation between the committee staff, Department of Justice officials, and other interested persons, and is designed to put Federal prosecuting officers on a parity with other investigative and enforcement officials in this respect. It will operate to confer full Federal immunity

upon any witness before a court or grand jury who, after pleading his privilege, is ordered to give testimony or produce records which might otherwise be incriminating to him.

Since the operation of this proposed law, applying as it does to all Federal cases, will be very widespread, and since its application in each case involves a balance of the public interest between immunizing a criminal to prosecution and eliciting his testimony, it was felt that the immunity should be conferred on a discretionary basis rather than automatically. The proposed law, therefore, provides for its use in any particular case only after the Attorney General has made a finding that such action is in the public interest.

AMENDMENT OF TRADING WITH THE ENEMY ACT, RELATING TO DESIGNATION OF ORGANIZATIONS AS SUCCESSORS TO DECEASED PERSONS

Mr. O'CONOR. Mr. President, on behalf of myself and the Senator from Ohio [Mr. TAFT], I introduce for appropriate reference a bill to amend section 32 of the Trading With the Enemy Act, as amended, with reference to the designation of organizations as successors in interest to deceased persons, and I ask unanimous consent that an explanatory statement by me be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred, and, without objection, the statement will be printed in the RECORD.

The bill (S. 1748) to amend section 32 of the Trading With the Enemy Act, as amended, with reference to the designation of organizations as successors in interest to deceased persons, introduced by Mr. O'CONOR (for himself and Mr. TAFT), was read twice by its title, and referred to the Committee on the Judiciary.

The statement presented by Mr. O'CONOR is as follows:

STATEMENT BY SENATOR O'CONOR

One of the problems arising as an aftermath of World War II, particularly in Europe, is the disposition to be made of that considerable amount of property as to which there are no claimants because the owners and their prospective heirs have died in concentration camps or elsewhere.

There were bills introduced both in the Eightieth and Eighty-first Congress regarding the disposition of such property, with particular respect to its utilization in the United States for relief and rehabilitation purposes. These bills passed the Senate on the Consent Calendar and in the Eighty-first Congress the bill which reached the floor of the House (S. 603) was approved with certain minor amendments, by the House Interstate and Foreign Commerce Committee. Objected to on the Consent Calendar it was never granted a rule by the House Rules Committee and, therefore, died with the Eighty-first Congress. In essence, the bill was predicated on the principle that the property of those who had been persecuted should not be used by this Government for war claims against the governments which persecuted the owners of such property. In accordance with this principle, it has been possible for nearly 4 years for an individual thus persecuted to be able to obtain his property by entering the proper claim.

There is a large amount of property, however, for which there are no claimants and it is this so-called heirless property which, under the bill I am submitting, would be turned over to successor organizations, to

be designated by the President and its proceeds to be used for relief and rehabilitation.

For different types of property different successor organizations could be designated, as for instance a Catholic successor organization for Catholic persecutees, the JRSO, for Jewish persecutees, etc. The procedures outlined in the bill are quite simple and provide merely for a presumption of heirlessness where no claim has been filed for a period of 2 years after vesting of the property.

A top limit of \$3,000,000 was inserted in the legislation in the House Interstate and Foreign Commerce Committee in order to meet the objections that there was no predictable limit to the amount which might be returned under this legislation. According to the best estimates obtainable at this time it is expected that the actual amount which could be claimed would be somewhere in the neighborhood of \$2,000,000.

EXECUTIVE AND INDEPENDENT OFFICES APPROPRIATIONS, 1952—REENGROSSMENT OF SENATE AMENDMENTS

Mr. MAYBANK. Mr. President, I submit a concurrent resolution providing for the reengrossment of the Senate amendments to the bill (H. R. 3880) making appropriations for the Executive and Independent Offices for the fiscal year 1952, and I ask unanimous consent for its present consideration.

There being no objection, the concurrent resolution (S. Con. Res. 35) was considered and agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That the Secretary of the Senate be, and he is hereby, authorized and directed to reengross the amendments of the Senate to the bill (H. R. 3880) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices for the fiscal year ending June 30, 1952, and for other purposes; and to reengross Senate amendment No. 79 so as to read as follows:

"(79) On page 35, line 23, strike out '\$875,163,335' and insert '\$873,105,770.'"

EXTENSION OF DEFENSE PRODUCTION AND HOUSING AND RENT ACTS—AMENDMENTS

Mr. McCARRAN submitted an amendment intended to be proposed by him to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, which was ordered to lie on the table and to be printed.

Mr. LEHMAN submitted amendments intended to be proposed by him to Senate bill 1717, supra, which were ordered to lie on the table and to be printed.

Mr. CAPEHART submitted an amendment intended to be proposed by him to Senate bill 1717, supra, which was ordered to lie on the table and to be printed.

Mr. FERGUSON submitted amendments intended to be proposed by him to Senate bill 1717, supra, which were severally ordered to lie on the table and to be printed.

Mr. IVES (for himself and Mr. CAPEHART) submitted amendments intended to be proposed by them, jointly, to Senate bill 1717, supra, which were ordered to lie on the table and to be printed.

Mr. DIRKSEN submitted amendments intended to be proposed by him to Senate bill 1717, supra, which were severally

ordered to lie on the table and to be printed.

Mr. O'MAHONEY (for himself, Mr. SPARKMAN, and Mr. FULBRIGHT) submitted an amendment intended to be proposed by them, jointly, to Senate bill 1717, supra, which was ordered to lie on the table and to be printed.

AMENDMENT OF TARIFF ACT OF 1930— AMENDMENT

Mr. CASE submitted an amendment intended to be proposed by him to the bill (H. R. 2192) to amend section 313 (b) of the Tariff Act of 1930, which was ordered to lie on the table and to be printed.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. UNDERWOOD:

Address entitled "The Farm Program Succeeds—Tobacco Sets an Example," delivered by him, at the meeting of the Burley Auction Warehouse Association, in Louisville, Ky., June 18, 1951.

By Mr. WILEY:

Address entitled "Restoring Bipartisan Foreign Policy," broadcast by him from Radio Station WGN, Chicago, Ill., June 23, 1951.

By Mr. LEHMAN:

Remarks by the Ambassador from India, Madame Vijaya Lakshmi Pandit at Girard Point Landing, Philadelphia, Pa., June 19, 1951, on the departure of the first shipment of food grains to India.

By Mr. MUNDT:

Editorial entitled "If Truman Had His Way," published in the Jackson (Miss.) Daily News, and reprinted in the Southern Weekly.

By Mr. MAGNUSON:

Statement of travel of State Department personnel during the year 1950 to the Mediterranean and north African and the European and Baltic Sea areas, with letter of transmittal dated June 22, 1951, from W. K. Scott, Deputy Assistant Secretary, Department of State, to Honorable EDWIN C. JOHNSON, chairman, Committee on Interstate and Foreign Commerce, United States Senate.

By Mr. MAGNUSON (for Mr. MURRAY):

Letters in opposition to the proposed deepening of the upper Missouri River Basin channel to 9 feet.

By Mr. BENTON:

Two articles written by Jack Gould and published in the New York Times of June 24 and June 25, discussing the effect of television on the living habits of the American people, which will appear hereafter in the Appendix.

ANTIRELIGIOUS NATURE OF COMMUNIST IDEOLOGIES

Mr. O'CONOR. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a statement prepared by me relative to further religious persecutions by Soviet-dominated countries.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR O'CONOR

The venom of communism's leaders against any moral force which might question their despotic and unjust actions, revealed so shockingly to the world in the case of Josef Cardinal Mindszenty, is being disclosed again from two centers of Communist activity.

And once again the whole Christian world has been alerted to the basic antireligious nature of the Communist ideologies.

In one Russian satellite country, Hungary, where the grossest abuse of justice was employed to jail and discredit Cardinal Mindszenty before the world, a Hungarian court again has gone through the mockery of a trial. This time it was directed against the person of Archbishop Joseph Groesz, the highest ranking member of the Hungarian Catholic Hierarchy, and the successor in office to Cardinal Mindszenty, imprisoned Primate of Hungary.

The pattern of these alleged trials is too well known to the world, from the publicity attendant upon the so-called conviction of His Eminence Josef Cardinal Mindszenty, and more recently in the much publicized Vogeler case, to require any comment. That the Communist leadership has felt it necessary to go through such a mockery again is proof conclusive, if such a proof were needed, that despite all the efforts of their godless leaders to drive out from the hearts of their enslaved subjects the love of God and regard for morality, their efforts have failed.

Along the same pattern are the restrictions which have been placed upon Bishop James E. Walsh and other personnel of the Catholic Central Bureau in Shanghai, following their usual denouncement as tools of imperialism. Having known Bishop Walsh and his family intimately for many years, and in the conviction borne of such intimate knowledge that there is no more moral or priestly gentleman to be found anywhere in the world, the inescapable conviction is that it is his religion, and the moral force represented by Christians everywhere, which is being attacked by the Chinese Communists in the persons of Bishop Walsh and his associates.

In the name of Christianity and of the members of the Christian faiths everywhere, our Government should protest vigorously against such indefensible attacks upon Archbishop Groesz and Bishop Walsh. They must seek to impress upon the responsible officials, as they did in the Mindszenty case, that the whole world looks with horror upon such evidence of hatred towards that Christian morality which is the lone force which despots cannot overcome.

ORGANIZATION OF AIR FORCE AND DEPARTMENT OF AIR FORCE

The VICE PRESIDENT laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H. R. 1726) to provide for the organization of the Air Force and the Department of the Air Force, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. LONG. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. HUNT, Mr. BYRD, Mr. STENNIS, Mr. SALTONSTALL, and Mr. KNOWLAND conferees on the part of the Senate.

REVISIONS IN TITLES I THROUGH IV, OFFICER PERSONNEL ACT OF 1947

The VICE PRESIDENT laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H. R. 4200) to make certain revisions in titles I through IV of the Officer Personnel Act of 1947, as

amended, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. LONG. I move that the Senate insist upon its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. STENNIS, Mr. BYRD, and Mr. FLANDERS conferees on the part of the Senate.

PROTECTION AGAINST MISBRANDING, ETC., OF FUR PRODUCTS AND FURS

The VICE PRESIDENT laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H. R. 2321) to protect consumers and others against misbranding, false advertising, and false invoicing of fur products and furs, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. JOHNSON of Colorado. I move that the Senate insist upon its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. JOHNSON of Colorado, Mr. MCFARLAND, Mr. MAGNUSON, Mr. BREWSTER, and Mr. CAPEHART conferees on the part of the Senate.

EXTENSION OF DEFENSE PRODUCTION, AND HOUSING AND RENT ACTS

The VICE PRESIDENT. Under the order of the Senate of June 21, the unfinished business, Senate bill 719, is temporarily laid aside for the consideration of Senate bill 1717.

The Senate proceeded to consider the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

Mr. McCARRAN obtained the floor.

CALL OF THE ROLL

Mr. McCARRAN. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Anderson	Green	Monroney
Bennett	Hayden	Moody
Benton	Hendrickson	Mundt
Brewster	Hennings	Neely
Bricker	Hickenlooper	Nixon
Bridges	Hill	O'Connor
Butler, Md.	Hoey	O'Mahoney
Butler, Nebr.	Holland	Pastore
Cain	Humphrey	Robertson
Capehart	Ives	Russell
Carlson	Jenner	Saltonstall
Case	Johnson, Colo.	Schoeppel
Chavez	Kern	Smith, Maine
Clements	Kerr	Smith, N. J.
Connally	Kilgore	Sparkman
Cordon	Knowland	Stennis
Dirksen	Langer	Taft
Douglas	Lehman	Thye
Duff	Long	Tobey
Dworshak	Magnuson	Underwood
Eastland	Maybank	Watkins
Ellender	McCarran	Welker
Ferguson	McCarthy	Wherry
Flanders	McClellan	Wiley
Frear	McFarland	Williams
Fulbright	McKellar	Young
George	McMahon	
Gillette	Millikin	

are adopted, there will be a serious handicap in the way of supplying the country with the electric power it vitally needs.

One factor taken into account in scheduling new capacity for public power plants—Federal projects, municipal projects, and rural cooperative projects—has been the relatively large production of hydroelectric energy.

THIRTY-EIGHT BILLION KILOWATTS PRODUCED BY FEDERAL PLANTS

During 1950, more than 38,000,000,000 kilowatt hours of hydroelectric energy were produced by Federal power plants—built by authority of the Congress and operated by the Bureau of Reclamation of the Department of the Interior, by the Corps of Engineers of the United States Army, or by the Tennessee Valley Authority. These plants combined accounted for about 12 percent of the total electric energy production of all plants, public or private, hydro or fuel, in the United States in 1950.

The urgent need for the expansion of Federal power projects is developed by our experience in World War II, when the national value of such projects was abundantly demonstrated. In that war we led the world in the development of atomic energy. We met the gigantic requirements for aluminum and other critical materials in order to build the greatest Air Force and arsenal in history.

In all of this a principal reliance was the power supply obtained from Federal plants in the Columbia and Tennessee River Basins. These plants, which have been substantially expanded since 1945, are today the chief sources of supply for the immense blocks of power needed for aluminum production and for further atomic development.

All of this has a direct application to this region, the great Missouri Basin. Nowhere else in inland America can we see so plainly the tremendous values which can be gained by a proper development of the soil and water resources of a geographical region. The great potentialities here have been discussed for years, but I do not think that even yet we have fully grasped their importance.

The Missouri Valley is richly blessed with mineral resources. With these minerals, with its soil and with its water resources, this basin has an extremely important part to play in the development of our Nation.

One of the great needs here, especially in the upper valley, is for more electric power—much more of it than is now available.

BASIN HAS 2,500,000-KILOWATT POTENTIAL

The original studies on which the Missouri Basin project was authorized showed that this basin could develop hydroelectric resources to the extent of 2,500,000 kilowatts. The Bureau of Reclamation is now completing a comprehensive resurvey of power possibilities, which will show that this estimate was too modest. We can now look forward to an ultimate hydroelectric development of over 4,000,000 kilowatts.

Let me emphasize right here that the valley will need all of that power and a great deal more besides to attain its proper development.

In the 15 years between 1935 and 1950, the demand for electric power in the Missouri Basin tripled—1,300,000 to 3,900,000 kilowatts. During the decade ending in 1960 this demand will increase to 7,500,000 kilowatts. By 1970 a great additional increase will have taken place, and market requirements will be twelve to thirteen million kilowatts—fully three times what they are today.

Obviously, even with hydroelectric resources here developed to the absolute maximum, it will still be necessary to rely on steam generating plants for the greater part of the electric power which this valley will need.

Fortunately, the valley's rich deposits of coal and lignite, plus its oil and gas resources, will make that possible.

But we cannot afford to let any of this potential hydro power go to waste. The trend in power development in the United States in recent years has been somewhat disturbing. When the last war ended it was predicted in some quarters that we could ease up on new power-plant construction. As it turned out, that prediction was entirely wrong. In the past 5 years we have hardly been able to draw a deep breath, because demand for electric power all across the country was pressing so hard upon supply.

HYDRO POWER STILL BEING WASTED

When the mistake became evident, and construction of power plants again went into high gear, most of the construction went into steam plants. As a result, our hydro development has fallen behind. We are still wasting potential water power capable of producing as much power as this country is using today.

In the Missouri Basin today there are approximately 800,000 kilowatts of hydro power and 3,700,000 kilowatts of steam power. The Federal Government now has under construction in this basin projects with a capacity of 1,400,000 kilowatts of hydro power, and another million kilowatts of hydropower are scheduled. But even when these projects are completed, and the basin has over 3,000,000 kilowatts of hydro power in operation, demand will still run ahead of supply. When we finally bring in all of the remaining good hydro sites, and the basin has upward of 4,000,000 kilowatts of hydro power, it will still be necessary to figure that by 1970 the basin must have steam plants to the extent of 9,500,000 kilowatts.

It is perfectly clear that this tremendous development indicates a solid growth in the industrial activity of the Missouri Basin. A great era of increased prosperity and activity lies ahead. Irrigation and flood-control benefits from the project will bring new land under cultivation and provide economic stabilization against the periodic peaks and valleys of floods and drought. The basin has the resources to supply power for that era. By a coordinated and interconnected transmission system which is now being planned and scheduled, there will be a flexible interchange between public and private hydro and steam electric plants which will provide the whole basin with a strong power system.

I have gone into detail about all of this because it is absolutely vital to this Nation that every feasible increase be made in our national electric power supply.

POWER SUPPLY SITUATION DISTURBING

In the 17 Western States where the Bureau of Reclamation operates, the power-supply situation today is disturbing. In the Pacific Northwest a serious shortage is indicated as a result of recent congressional action. In northern and central California, the estimated margin of capacity reserve is far too low for safety. In central California today only about a third of the total generation is hydropower.

In 1950, oil and gas consumption in California for generating electricity was nearly 11,000,000 barrels; in 1953, it is estimated that consumption will be more than 24,000,000 barrels. Meanwhile, the potential hydropower resources of the State are far from full development.

The same trend is observed in the Pacific Southwest. Construction is being rushed for some 600,000 kilowatts of steam-electric plants. The great output of our Hoover power plant, amounting normally to over 5,000,000,000 kilowatt-hours a year, has long since been entirely allocated; the output of

one project, the Davis power plant, amounting to about 1,000,000,000 kilowatt-hours a year, is being rationed, and if it were five times as large it still could not meet demand. The only immediate answer is to build more steam-electric plants, although this is the wrong solution in a fuel-short area. Yet we are right now wasting the equivalent of another Hoover Dam at our bridge canyon site on the lower Colorado River, because the peoples of two great States cannot resolve their water differences.

In the area served by the Southwestern Power Administration rivers with an abundant supply of water have been allowed to flow unharnessed into the Gulf of Mexico, and electricity has been both scarce and costly. When the authorized projects of the Corps of Engineers are completed, this tragic waste of water will be largely corrected. The Southwestern Power Administration, which is now marketing 157,000 kilowatts, will have slightly more than 500,000 kilowatts available by 1955, and the various flood control and navigation projects now being built or authorized will ultimately provide a million kilowatts. Still further expansion is possible and desirable, and eventually an area which has been deficient both in water supply and in electricity can have much more.

HYDRO DEVELOPMENT PROBLEM IS NATIONAL

One fact which stands out unmistakably, as we consider all of these situations, is that these problems of hydro power development are national rather than local problems. In the same way, once a great hydro development has been put into operation, it becomes a genuinely national asset. The vast stores of power supplied by Grand Coulee, Bonneville, and the dams of the TVA for our aluminum and atomic energy programs are an asset to the people of the entire Nation.

In the same way, here in the Missouri Basin and in all other parts of the country we can and must recognize the incalculable importance to the Nation as a whole of the great St. Lawrence seaway and power project, which is now under consideration by Congress.

Development of the international rapids of the St. Lawrence River will create approximately 1,880,000 kilowatts of new hydroelectric capacity—more than twice as much as the entire output of all of the hydro plants now operating in the whole Missouri Valley. This power would be equally divided between the United States and Canada.

But that is not the whole story. A treaty was ratified in 1950, to permit the redevelopment of Niagara Falls, and Canada is now proceeding with construction of a project to use her share of the increased water diversions from that river. The redevelopment of Niagara on the United States side will create 1,250,000 kilowatts of new hydro power, in addition to the power which will come from development of the St. Lawrence.

ST. LAWRENCE HYDRO POWER SHOULD BE DEVELOPED

The Great Lakes constitute an unparalleled system of natural reservoirs for hydro power. The St. Lawrence carries to the sea the waters of all five lakes, draining a great mid-continent area of 300,000 square miles. Surely, if any body of water on earth should be harnessed for the public benefit, it is the boundary waters of the Great Lakes-St. Lawrence system.

All in all, the St. Lawrence and Niagara projects combined will add over 2,000,000 kilowatts to the hydro generating capacity of the United States—the equivalent of Grand Coulee when all of its generating units are installed.

In authorizing other river developments, Congress has provided that the electric energy produced should be made available to preference customers at local centers—to

municipal and other public bodies, to rural electric cooperatives, to Federal facilities.

Scores of municipalities, rural electric cooperatives and installations of the Army, the Navy, and other Federal agencies are situated in the northeast within reach of the projected St. Lawrence and Niagara developments. They are entitled to the same public benefits that are being enjoyed today from the development of the Columbia; the Tennessee, and other great rivers.

I say that this Niagara-St. Lawrence power is vitally needed by this Nation, and that when it is developed and sold the public interest must be held paramount.

But the interest of the interior of America in this St. Lawrence project is not merely an indirect one, growing out of the benefits which would come from an addition of this magnitude to our national supply of hydroelectric power.

Much more direct and immediate is the importance of the St. Lawrence project as a means of insuring the continued health and strength of the Middle West's industrial potential.

The building of the same dam which will develop St. Lawrence power will also, with its short-side canal and its 30-foot locks, provide the interior of this country with deep-draft navigation from the Great Lakes to the Atlantic.

SEAWAY DEVELOPMENT WILL ASSIST MIDWEST

Low-cost water transportation of course lies at the very heart of the growth of the Middle West in population and in industry. The Great Lakes have been a great seaway for inland America. Because of the commerce they have borne, the whole interior of the country has been able to reach a height of prosperity and productivity which is paralleled nowhere else on earth.

This has particular reference to the steel industry, which is centered in the Middle West.

This country is the only country on earth which has been able to maintain the great producing centers of its steel industry—steel, which is basic to all other industries—hundreds of miles inland from salt water.

In Michigan and Minnesota we have had enormous deposits of iron ore. In the Middle West we have equally great deposits of coal. The limestone which is third basic ingredient in the making of steel is found nearby. Through the low-cost transportation made possible by the Great Lakes, these elements have been brought together in the titanic steel industry of Illinois and Indiana, of Ohio and Pennsylvania.

For more than a century there has been a progressive deepening and improvement of the channels which connect the Great Lakes, so that the iron ore could come down swiftly and inexpensively from upper Minnesota and Michigan to the mills on or near the lower lakes. Without that constant improvement of this inland seaway, the iron ore of the upper lakes could never have been shipped in such enormous volume to supply the steel mills in Illinois, Indiana, Ohio, and Pennsylvania.

It would simply be pointing out the obvious to dwell on the incalculable importance to the whole interior of our country of that fact. We have not only built the world's greatest steel industry in the inland of America; we have geared the entire economy of inland America to that industry.

For around this steel industry has grown up the whole complex industrial network of the American Middle West—the great metal-using industries, which have been located close to the great steel-producing centers.

PROSPERITY IN MIDWEST BASED ON STEEL

Thus, it is not merely the steel manufacturer who relies on our ability to bring in iron ore cheaply and in great volume by our inland waterway. It is the whole of interior America. The prosperity of this entire sec-

tion of the country rests ultimately upon the gigantic mass-production industries which must of necessity be based close to the source of supply of steel. Anything that might cause a serious dislocation of the steel industry will have direct, immediate effects on the lives and fortunes of all the citizens of this part of the country.

That is what makes this St. Lawrence seaway project a matter of such profound importance to inland America.

The most fundamental of all of the natural resources on which our prosperity rests is iron ore, and the most serious threat to our industrial security which is visible on the horizon today is the rapid depletion of our reserves of high-grade, open-pit, direct-shipping iron ore on the Mesabi Range in Minnesota. To a constantly increasing extent, we must henceforth look to foreign sources to supply us with what we need.

Fortunately, we do not have to look far. Extensive fields of high-grade ore exist along the Quebec-Labrador border.

This ore body—which we already know contains at least 400,000,000 tons of high-open-pit direct-shipping-grade ore, comparable in quality to the best Lake Superior ores—is situated some 350 miles north of Seven Islands in the Gulf of St. Lawrence. Exploratory prospecting for additional deposits is now under way in adjacent areas. A railroad from the ore fields to Seven Islands is now being built. It is estimated that 5,000,000 tons of ore from these fields will be shipped by 1954, with shipments rising to at least 10,000,000 tons by 1956.

BOTTLENECK MUST BE REMOVED

So we are very fortunate. As the stocks of high-grade Lake Superior ores dwindle, a new source of equally good ores will come into production within fairly close range. Our steel industry will be able to go on producing in its present locations—if we make it possible for this new supply of ore to come in as cheaply as the old supply has always moved.

The Great Lakes waterway which made our inland steel empire possible—and, remember, our whole middle western industrial strength is based on this steel empire—can easily be extended so that this Labrador-Quebec ore can be carried along its channels. All we have to do is remove the bottleneck.

The bottleneck lies in the inadequate canals and locks on the St. Lawrence River which connects Lake Ontario with the Atlantic. No ship which draws more than 14 feet of water can now use those locks. Volume delivery of iron ore from the new fields to the inland steel centers will not be possible until that bottleneck is removed.

Construction of the St. Lawrence project would open a deep-draft channel from tide-water to Duluth. With only minor improvements to existing Great Lakes channels, it would enable the vast majority of all ocean-going ships to reach our Great Lakes ports. In itself, that would be immensely important. It would open an invaluable low-cost transportation outlet for the great grain fields of our Northwest. But its greatest value would be that it would enable our steel industry to remain in the Middle West.

We are now in the process of making a great expansion in steel production capacity. At the end of 1950, that capacity stood at just under 100,000,000 tons a year. By 1960 it should stand at 130,000,000 tons. Instead of using 110,000,000 gross tons of iron ore annually, it will use 158,000,000 tons.

ORE DEMAND CONSTANTLY RISING

This stupendous increase in our demand for iron ore is taking place concurrently with an inexorable decline in our own domestic supply of high-grade ore.

One of the great advantages of Mesabi Range production has been the fact that so much of it has been open-pit production,

with the ore lying so near the surface. In the past that meant that our supply of high-grade ore was elastic. It could be expanded enormously in short order, if expansion was needed. But even though we may continue to get much iron ore from the Lake Superior area, and even though our stock of low-grade ores there may continue to be very large, we are fast losing that possibility of sudden expansion. The low-cost open-pit yield is declining.

As a result, the Middle West may cease to be the best location for the steel industry. If an ever-increasing quantity of iron ore must be shipped in by salt water, to salt-water ports, we face nothing less than a progressive relocation of our steel industry. It will have to have its chief producing centers near the ports where iron ore can be unloaded. If those ports are no longer on the Great Lakes, the leading steel centers before long will migrate to the vicinity of salt water too.

You do not need to meditate on that fact very long to see that the result for all of inland America would be nothing less than disaster. We would see an economic dislocation that would affect every citizen of the country. The heavy industry which constitutes so great a part of the strength of interior America would sooner or later follow the steel industry to the sea.

SEAWAY OF VITAL IMPORTANCE TO AREA

We are meeting today in a city several hundreds of miles removed from the Great Lakes, and equally removed from the centers of our steel industry. Nevertheless, the construction of the St. Lawrence seaway is a vital matter for everyone in this region. The economic life of this entire area will be very different if lack of water transportation forces a shift in the industrial base of interior America.

It goes without saying, of course, that even if we do build this waterway there will be a considerable development of the steel industry along the sea coast. That development is already under way. It is a healthy development. We are making so prodigious an expansion in the industry that every possible source of iron ore must be used, and ores from Africa and South America can be brought to salt-water ports more economically than they can be brought to the interior.

But that development can go hand in hand with continued development of the steel industry in the Middle West, if the bottleneck to low-cost transportation of ore to the Midwest producing centers is once removed.

To remove that bottleneck we must proceed with the St. Lawrence project. It justifies itself many times over, both as a defense project and as a means of maintaining the strength and prosperity of the great Middle West, which is so large a part of our national strength.

It is not by accident that I began by talking about hydroelectric power and wound up by talking about water-borne transportation. The two go hand in hand. The great rivers with which providence blessed us are mighty contributors to our prosperity.

The unending descent of their waters provides us with an inexhaustible source of power. Their broad channels offer us the means by which we may continue to bring to our workshops the materials without which those shops would cease to function. All we need to do is to take advantage of our opportunities.

We can enrich ourselves for all time simply by making the most of what good fortune offers us.

EXTENSION OF DEFENSE PRODUCTION AND HOUSING AND RENT ACTS

The Senate resumed the consideration of the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and

the Housing and Rent Act of 1947, as amended.

Mr. BUTLER of Maryland. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The roll was called, and the following Senators answered to their names:

Anderson	Green	Monroney
Bennett	Hayden	Moody
Benton	Hendrickson	Mundt
Brewster	Hennings	Neely
Bricker	Hickenlooper	Nixon
Bridges	Hill	O'Connor
Butler, Md.	Hoey	O'Mahoney
Butler, Nebr.	Holland	Pastore
Cain	Humphrey	Robertson
Capelhart	Ives	Russell
Carlson	Jenner	Saltonstall
Case	Johnson, Colo.	Schoeppel
Chavez	Kem	Smith, Maine
Clements	Kerr	Smith, N. J.
Connally	Kilgore	Sparkman
Cordon	Knowland	Stennis
Dirksen	Langer	Taft
Douglas	Lehman	Thye
Duff	Long	Tobey
Dwyer	Magnuson	Underwood
Eastland	MAYBANK	Watkins
Ellender	McCarran	Welker
Ferguson	McCarthy	Wherry
Flanders	McCellan	Wiley
Frear	McFarland	Williams
Fulbright	McKellar	Young
George	McMahon	
Gillette	Millikin	

The PRESIDING OFFICER (Mr. MONRONEY in the chair). A quorum is present.

Mr. MAYBANK. Mr. President, on last Friday, I advised the Senate of the absolute necessity for all-day, and perhaps night, sessions in order that this committee bill should be passed not later than Thursday of this week. This is essential so that we may have a conference with the House on Friday and have the conference report agreed to on Saturday. If this is not done, there will be no law, because the present law expires on June 30.

It is not my purpose at this time to go into a lengthy discussion of each section. I intend to explain briefly each of these sections as they are read from the desk. This will conserve time and, I believe, will be of more assistance to Senators.

The bill as reported to the Senate consists of four sections. Section 1 contains the 7 titles of the Defense Production Act of 1950, which would be extended by this new bill. For the convenience of the Senators, these titles are as follows:

Title I. Priorities and Allocations.
Title II. Authority To Requisition.
Title III. Expansion of Productive Capacity and Supply.
Title IV. Price and Wage Stabilization.
Title V. Settlement of Labor Disputes.
Title VI. Control of Consumer and Real Estate Credit.

Title VII. General Provisions.
Section 2 is the so-called anti-roll-back provision amending title IV.

Section 3 is the amendment to regulation W as it affects automobiles under the general authority of title VI.

Mr. BUTLER of Maryland. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield for a question.

Mr. BUTLER of Maryland. Will the Senator, at this point, explain why washing machines, radios, televisions, refrigerators, and other household items, were not included?

Mr. MAYBANK. I shall be glad to make a brief explanation, but I had hoped that, if the Senator would bear with me, full explanations of those particular items would come as we reached the pertinent section of the bill, because there was quite a discussion in committee. Senators will find that there are three volumes of hearings, conducted over a period of approximately 6 weeks, and also a report which not only goes fully into the committee action, but, in addition, on page 41, it goes into the changes of existing law.

Mr. BUTLER of Maryland. Is that in volume 1 of the hearings?

Mr. MAYBANK. It is in the report. The report refers to regulation W.

Mr. BUTLER. Does the Senator refer to the report on Senate bill 1717, Calendar No. 448?

Mr. MAYBANK. I do. I helped prepare the report, but do not recall all the details. On page 18, I may say to the Senator from Maryland, he will find a statement under the heading: "Limitations on credit controls for automobiles." The provision in the bill relating to the subject is found on page 2, section 3. The report goes rather thoroughly into the question of the change in limitations on controls for automobiles, though it does not go into the changes requested with respect to television, radios, washing machines, and certain types of furniture. That was done because the committee believed that automobiles were in a somewhat separate class; in other words, that they were so-called war necessities for defense workers who were required to travel long distances, according to the testimony of many of the witnesses, as shown in many pages of the hearings.

I may also say to the Senator that many of the witnesses, including the electrical workers of the CIO and members of other unions which had large numbers of employees working within television factories and similar places, testified that a great number of persons had been laid off, and that there was a tremendous surplus of these goods on hand.

The House included in its exemption certain of the articles which the Senator mentions, but the Senate confined its exemption insofar as regulation W was concerned—and it did not interfere with regulation X to automobiles—upon the basis of the need on the part of workers for automobiles, and considering that it could not be unduly inflationary to permit a worker to buy an automobile for use in going to and from work, when the automobile company had to finance the automobile, the automobile being either on the lot, in the garage, or in storage, with some type of credit being allowed by the bank. That was, in substance, the reason for the committee's action. It was in a way a priority for war workers.

Mr. BUTLER of Maryland. The Senator from Maryland asked the question, because I have been approached by many persons interested in the radio and television business and in other nondurable items of that kind who are suffering extreme hardship, and have asked for relief.

Mr. MAYBANK. I desire to call the Senator's attention to the following statement, appearing at page 20 of the report:

In arriving at this decision, your committee wishes to emphasize its conviction that the administration of controls over consumer credit by the Board of Governors of the Federal Reserve System should be sufficiently flexible to permit relaxation or tightening of the regulations in accordance with the conditions prevailing in the respective segments of the economy to which the regulations apply.

In other words, I believe the committee was unanimously of the opinion—I can recall no dissenting voice—that the Federal Reserve had not been flexible enough in its dealings with respect to consumer goods, and that it should be more flexible. But we included in the bill a provision respecting automobiles, because of the necessity of war workers having automobiles. We did not include television sets and other things, but we did say that in our opinion the Federal Reserve Board should be more flexible in administering credit controls; and we are hopeful that it will be. Is that explanation satisfactory to the Senator?

Mr. BUTLER of Maryland. I thank the Senator from South Carolina.

Mr. MAYBANK. Section 4 relates to the extension of rent control, and amends the Housing and Rent Act of 1947, as amended.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield to the Senator from Nebraska.

Mr. WHERRY. I did not have an opportunity to hear the Senator's explanation of section 2. As I entered the Senate Chamber the Senator had about concluded his explanation of section 3, having to do with relaxation of the limitations on credit with respect to automobiles.

Mr. MAYBANK. I may say to the Senator from Nebraska, I stated at the beginning of my remarks that it was not my intention at this time to make a lengthy explanation, and, with respect to section 2, all I did was call attention to the fact that it was the so-called anti-roll-back provision, amending what was known in the 1950 law as title IV; and I stated we would discuss it fully when it was reached.

Mr. WHERRY. If the Senator will yield for a question, there are two alternatives. First:

(4) After the enactment of this paragraph no ceiling price shall become effective which is below the lower of (A) the price prevailing just before the date of issuance of the regulation or order establishing such ceiling price, or (B) the price prevailing during the period January 25, 1951, to February 24, 1951, inclusive.

That means, does it not, that the first roll-back would be kept within the provisions of the bill?

Mr. MAYBANK. The Senator is correct.

Mr. WHERRY. The provision (B) applies to all other agricultural products, does it not?

Mr. MAYBANK. The Senator is correct. We have provided that roll-back can be made to a price less than that

existing on January 24-February 24, for all agricultural products and for industrial products too. In effect we have changed the base date, as far as roll-backs go, from last June to January 1951. If the Senator from Nebraska will bear with me, I have a brief statement concerning that, and I would appreciate it if he would listen to it.

Mr. WHERRY. I shall be glad to do so. I merely thought this might be a good time for the Senator to make some statement about it, while he is giving us a detailed explanation of that section.

Mr. MAYBANK. If the Senator will bear with me, I shall explain that later. I spoke of the rent-control section.

The Senate Banking and Currency Committee has worked on this bill for 7 weeks, not only holding all-day hearings, but also through the Joint Committee on Defense Production conducting hearings until as late as 11 o'clock at night on several occasions. I make this statement, so there can be no blame attributed to the Senate Banking and Currency Committee for a lack of interest in keeping on the statute books the controls which will stop inflation. Rising costs have already created a hardship among our people, and will create far greater ones, when the Defense Department commences to spend more than \$70,000,000,000, which is to be appropriated for the next year.

Again, let me say that whatever we do for the good of our citizens we must do immediately, regardless of how late the sessions may be.

For the information of the Senator from Nebraska, let me say that I stated that we must do something by Thursday night if we are going to have a conference with the House on Friday and if the bill is to become law by Saturday.

The bill we are considering is not a tax bill—that is, it is not a limitation of profits. It is a production and control bill. There are now seven titles in the Defense Production Act, which is amended by the new bill S. 1717. There will be little controversy, I believe, on six of the titles of the act. There is one—title IV, on prices and wages—which is highly controversial. Then there is the rent-control section of Senate bill 1717 which is an amendment to the Housing and Rent Act of 1947, as amended. There will be some controversy over this rent-control section.

The great controversy, let me repeat, will be on title IV. The committee voted 7 to 6 for an amendment to this title which will prohibit further roll-backs and freeze all prices fairly as of January 25.

Last year the Congress approved a bill giving the administration the authority to freeze prices or to roll back prices to a base period of May 24 to June 24, 1950. The administration did not desire to do this, but apparently wished prices to rise so that increased taxes could be collected from larger incomes, and thereby attempt to balance the budget.

The administration determined finally to freeze most prices as of January 25, 1951, but provided no roll-backs at that time. Unfortunately, the administra-

tion refused to even freeze all prices on this date, and permitted some prices to continue to rise in an effort to get greater production.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. WHERRY. Just a second, please. The bill contains prohibition against any further imposition of roll-backs on beef; does it not?

Mr. MAYBANK. It contains a prohibition against a further imposition of any roll-back, beyond that now in effect, except that perhaps the Administrator might take into consideration a 2-percent further roll-back.

I now yield to the Senator from Indiana.

Mr. CAPEHART: Never mind. I thank the Senator.

Mr. MAYBANK. The committee, of course, did not suggest or concur in such an arrangement as that made by the administration, either at that time or later. We have amended this new bill to make the January 25 freeze an equitable one. There may be no future roll-backs beyond this date in justice to the manufacturers and producers who cannot be expected to plan future operations under such uncertainties as those in which they are now living.

It is impossible to expect anyone to purchase raw material and convert it into a finished product when there is a chance that the retail price at some future date may be rolled back below the cost of the raw material. In many businesses, there is a period of 6 months or longer between the contract for raw material and the time the product reaches the retailer. This is the kind of possible inequity the committee seeks to prohibit through this amendment.

Mr. THYE. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. THYE. I am sure the Senator from South Carolina agrees with me that some of the regulations of the Office of Price Stabilization have created very serious hardships.

Mr. MAYBANK. The Senator is correct.

Mr. THYE. And they have created so much confusion that depression has been brought about in some of the Minnesota apparel industries. I think the Senator will also agree with me that there has been a lack of understanding of the particular type of business affected by the price freeze.

Mr. MAYBANK. The Senator is correct.

Mr. THYE. An administrative regulation was issued last winter affecting the packing industries under which it was absolutely impossible to operate because of the fact that some of the high-quality beef and pork was sold at a certain price and the inferior or cheaper cuts were allowed to come up to the same top price. This brought about a chaotic situation. No regulations should be imposed without first having consulted the affected industries and working out a regulation to be administered. We tried to write a safeguarding provision into the law last year, but evidently it has been disregarded, and regulations have

been imposed without consulting with the industry. Therefore some of the regulations are impossible of administration. Am I correct?

Mr. MAYBANK. The Senator is correct. I can appreciate the difficulties of the administrators, starting out with something new, but, in my judgment, the administration of the law has been very poor. Everyone seems to be excited about the roll-back on beef. There is no one who will not say that the price of beef is too high. But the people forget that the roll-backs affect more than beef. Everyone knows what a beefsteak is; but hundreds of other commodities have been affected by the roll-backs. There has been very little in the press about it, but they have affected air-conditioning equipment, agricultural-drain tile, brick, cast-iron boilers, cast-iron radiators, furnace pipes, and fittings. A long list of commodities has been affected by the roll-back, including hides and oils. The only thing we hear about, apparently, is beef. That is only a small item, considering the total economy of the Nation. It comes home, of course, to every American family, and it can be understood. It attracts attention the way a fur coat did in the RFC study; but there are many things involved in the RFC study besides a fur coat.

Mr. THYE. There is difficulty with respect to granting permits to slaughtering plants. If a slaughtering plant happened to be closed in the calendar year 1949 and 1950, they cannot obtain a permit to slaughter in the year of 1951. Many small plants found it necessary to close, for economic reasons, in 1949, but they had a historic background of slaughtering for the past 15 or 20 years. Those plants are closed today, they cannot obtain a permit to slaughter.

Mr. MAYBANK. In that case, again, there is an administrative regulation which it is impossible to continue, for the reason that it would mean the destruction of the business of a firm which had been in operation for 15 or 20 years.

Mr. THYE. That has happened not only in Minnesota, but in all the States of the Union. The Peters Sausage Co., of St. Paul, Minn., was closed in 1949 and is not now allowed a slaughtering permit. There are other slaughtering plants which are affected by the same conditions and regulations. Many complaints have arisen, so that the act has become unpopular in the minds of many persons, and they want the regulations adjusted in such manner that business establishments may be continued and not be completely ruined. I wonder if the Senator can explain to us that there are some safeguards, and some course which the OPS can follow that would rectify or correct some of the administrative policies which have been forced on business, and which cannot be carried out without destroying a particular business.

Mr. MAYBANK. If the Senator asks me why the act is not administered differently, I cannot answer his question. All I know is that under the law various groups should be consulted, and my information is that the proper groups have not been consulted. In many instances,

I understand the persons consulted were not representative of the group most directly affected by the regulation.

Mr. THYE. There is sufficient latitude in the act to correct the administrative policies which have been laid down if there is a desire to correct them.

Mr. MAYBANK. The Senator is absolutely correct. The law is broad enough.

Mr. THYE. The law is broad enough.

Mr. MAYBANK. Yes.

Mr. THYE. The trouble arose from the promulgation of a rule without sufficient knowledge of how it would affect the industry, and once having announced it, the Office of Price Stabilization has been reluctant to make a reexamination to determine what the questions are, and then to make corrections in order that business may function in a normal manner, as it has functioned during the past 15 or 20 years.

Mr. MAYBANK. The law gives the Government officials that power. In fact, they are commanded to do what the Senator has suggested, though not in so many words; but the law provides for certain flexibility, and the officials have the power to act. The Senator from Minnesota says he believes they have not made use of that power.

This is a big country, Mr. President. When a few men are brought to Washington to administer the affairs of the Nation apparently at times they cannot see beyond the Potomac River; they seem to feel that everything is centered here. They look upon Washington as a big city, and they cannot envision the troubles of the farmers. They cannot appreciate the troubles of the timber men. They do not know what goes on in the State of Washington, in the State of Minnesota, in the State of Maine, or in the State of Florida.

Mr. THYE. Mr. President, will the Senator yield further?

Mr. MAYBANK. I yield.

Mr. THYE. At the time the Defense Production Act was debated on the Senate floor a year ago, the chairman of the Committee on Banking and Currency and I engaged in a colloquy one afternoon during which I asked him whether there was a provision in the act that would compel the Price Administrator to consult with those to be affected.

Mr. MAYBANK. The law provides that he must consult with the different groups affected by the regulations—industry, labor, agriculture, or whatever they may be.

Mr. THYE. Yes; with the industry affected by an order, before the order is put into effect, in order that there might not arise the same administrative criticisms and problems we experienced in connection with OPA in the war years of World War II.

Mr. MAYBANK. Because of the difficulties which arose in connection with OPA during World War II we placed in the act provisions like those to which the Senator refers. Because of the errors which were made then, we wrote into the law language by which we tried to correct the mistakes. I must say that I can appreciate what administrators of such laws are up against. It is rather

difficult for them to carry out the purposes of the laws at all times.

Mr. THYE. The criticism of the act has been more by reason of the misuse of the law than because of the wording of the law itself.

Mr. MAYBANK. Yes. The Congress of the United States wrote a wonderful law. If it had been administered properly, there never would have been the slightest ill effects from inflation in this country. The law was expected to be put into effect last October and November, but it has not yet been put fully into effect.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. CAPEHART. Why does the Senator from South Carolina feel that they did not put the act into effect in October?

Mr. MAYBANK. I have just received a copy of a statement made by Mr. DiSalle himself of the effect of the act on prices, from January on. I can only refer the Senator to what occurred after Mr. DiSalle was appointed to his present position, according to his own statement.

Mr. CAPEHART. Did I understand the able Senator from South Carolina to say a moment ago that he felt that the administration did not want control of prices at one time, but wanted prices increased so as to collect more taxes?

Mr. MAYBANK. I said that was my personal opinion.

Mr. CAPEHART. The Senator said that was his personal opinion. In other words, the Senator feels that the reason why price control was not imposed last July—

Mr. MAYBANK. Was as I have just stated. That was one of the reasons. Another was that there was an election impending.

Mr. CAPEHART. So the administration wanted prices to go up?

Mr. MAYBANK. That is my personal opinion. I think that is one of the reasons.

Mr. CAPEHART. I agree with the Senator. Of course, I think they were wrong in that.

Mr. MAYBANK. I think so, too; otherwise, I never would have voted for the law last year.

Mr. CAPEHART. Now what other reason might they have had for not wanting to follow the law as passed by the Congress?

Mr. MAYBANK. The Senator and I worked long and hard on that law. We had many distinguished witnesses before us, including Mr. Baruch. I am not a mind reader, and I would not know all the reasons why the law was not carried out. In the course of the hearings, Mr. DiSalle went back to 1950, and stated as follows:

One week after I was sworn in, on December 19, we issued our voluntary standards, asking American business to comply with those standards. We sat back hopefully awaiting the reduction in price levels.

What happened, of course, now is history. Prices did not fall—there wasn't a great wholesale rush to reduce prices on the part of business generally, and instead we found

an acceleration of pressures. A good many business people who attempted to comply with these voluntary standards found it impossible, and so on January 26 we took the only action left open to us, and that was a general ceiling price regulation.

The only difference I have with Mr. DiSalle is that he ought to have done that on December 19, not to have waited until January 26, until all prices went up.

Mr. CAPEHART. Is it not a fact that DiSalle testified, as appears on page 587 of the hearings, volume 1, that he had no intention of rolling back any prices?

Mr. MAYBANK. The Senator from Indiana asked a similar question, as appears in the Defense Production Act Progress Report No. 1 of the so-called watch-dog committee. The Senator from Indiana asked several questions. In answer, Mr. DiSalle said, in reply to one of the questions by the Senator from Indiana:

There will be certain things that will have to be adjusted before we can reach that plateau.

He talked about a plateau of prices in January.

Mr. CAPEHART. What did he mean by a plateau of prices? Did he mean that he would let prices go up?

Mr. MAYBANK. He had to reach a plateau from June prices, when the Congress had authorized the freezing of prices.

Mr. CAPEHART. In other words, is it the Senator's opinion that the intention of the administration had been to permit prices to go up rather than to hold prices down, and to freeze prices?

Mr. MAYBANK. Until January 25 it appears so, at least that was the effect; since then, no. The administration has been trying to freeze prices, and did freeze prices. They rolled some back. But with reference to the other question of the Senator from Indiana as to Mr. DiSalle, I cannot quote him exactly, but the Senator from Indiana has the hearings in his hand and can check on what Mr. DiSalle said. As I recall, Mr. DiSalle intimated that he did not have any idea of rolling back the prices of anything except beef. I may be wrong, but that is as I remember the testimony. But as soon as we had placed in the bill the section providing that he could not roll back anything else, he came up with the statement, as I read it in the newspapers, that he had intended to roll back many other things. How a businessman can operate not knowing whether the prices of his products are to be rolled back or not I do not understand. The issue is political. We ought to be frank about that. It is, "What is the price of a beef steak?" All other things are forgotten. The cry is, "What is the price of a beef steak?" But the point is that if we are going to let the Director roll back the price of beef, we ought to let him roll back the price of everything else.

Mr. CAPEHART. I have been reading the newspapers, as the Senator from South Carolina has, that the administration has in mind that if Congress should pass the bill which the Senate

Committee on Banking and Currency reported, the bill we are considering at the moment, it would mean an increase in prices to the American people. How can it mean an increase in prices to the American people if prices were frozen on January 25?

Mr. MAYBANK. The bill which is before the Senate lets the executive department freeze the prices as of that date and permits no further roll-backs, but permits the roll-backs which have been put into effect since January 25, in proportion to the advances in the prices of the articles affected since January 25. In other words, beef rose a little bit more than textiles, let us say. At any rate, we give the administration the right to roll back prices of everything to January 25, and freeze prices as of January 25; so how the price of anything can rise is beyond my comprehension.

Mr. CAPEHART. That is the point. Let us forget whether beef is too high or too cheap, and let us forget whether prices are too high or too low. The fact remains that the prices were frozen on January 25.

Mr. MAYBANK. And they would roll back the price of beef, for instance, since then 10 percent.

Mr. CAPEHART. Meat has been selling at a certain price, and now it is said that the bill which the Senate Banking and Currency Committee reported to to the Senate, if it becomes law, will increase prices.

Mr. MAYBANK. The Senator knows that last year the Banking and Currency Committee and the Senate itself forced title IV into the bill, to control prices and wages. It was not even asked for. It was not used until January, and it has not been used correctly. The Senator certainly knows that.

Mr. CAPEHART. I agree with the able Senator from South Carolina; but I am trying to find out how prices can go up under the terms of the bill which we are now considering. I cannot see it.

Mr. MAYBANK. Of course, the Senator knows that if the administration wishes to do so it can roll prices forward. If the administration wants commodities to cost the American people more money, it can roll prices forward. But I cannot for the life of me understand how any price can go up when it is frozen—and prices generally are now frozen as of January 25. Prices which have advanced since January 25 can be rolled back to that level under the committee bill. Am I correct?

Mr. CAPEHART. The Senator is 100 percent correct.

Mr. MAYBANK. How prices can go up unless the administration deliberately intends to put them up is beyond my comprehension.

Mr. CAPEHART. What I am trying to find out is whether there is any basis for the contention of the administration. Or is it purely propaganda?

Mr. MAYBANK. I believe it is propaganda. Of course, they can raise prices, and then they will say that Congress did it. Do not misunderstand me. The administration can roll prices forward, as the Senator well knows.

Mr. CAPEHART. It can permit prices to increase.

Mr. MAYBANK. Certainly it can. It did so last August, September, October, November, December, and January. Then it froze some prices, and let some others go up, during February, March, April, and May. It can do so again.

Mr. CAPEHART. It is permitting prices to go up each day.

Mr. MAYBANK. Certainly.

Mr. CAPEHART. Even though the law gives it the right to freeze prices.

Mr. MAYBANK. Yes. The pending bill provides that prices may be frozen as of January 25, and also permits a roll-back of prices to January 25.

Mr. CAPEHART. Perhaps we had better offer an amendment to the bill actually freezing all prices.

Mr. MAYBANK. The bill lets the administration freeze the price of everything generally as of January 25, 1951.

Mr. CAPEHART. But it still gives the administration the right to increase prices if it wishes to do so. However, if it does so, it will be the administration, rather than the Congress, which will be doing it.

Mr. MAYBANK. If we enact a rigid law, it may affect an isolated case involving some national defense material, which would not be a good idea. The only way prices can go up is for the administration to let them rise.

Mr. CAPEHART. The only reason they are up today is that the administration permitted prices to rise.

Mr. MAYBANK. It did not freeze them last year.

Mr. CAPEHART. Congress enacted a law on September 8 giving the administration the right to control and freeze all prices.

Mr. MAYBANK. The Senator is correct—as of May and June a year ago.

Mr. CAPEHART. And it did not control prices. It did not freeze prices.

Mr. MAYBANK. It did not freeze anything, except automobiles and hides, to my knowledge, until the 25th of January, and then froze only certain prices.

Mr. CAPEHART. Since January 25 it has been permitting some prices to rise.

Mr. MAYBANK. The Senator is correct.

Mr. CAPEHART. In all fairness, we must admit that, of course, the law provided that farm prices could not be controlled below parity.

Mr. MAYBANK. I know that; as the Senator knows, the major farm commodity the price of which has been over parity is beef, on which parity was figured wrong. The Senator from Virginia [Mr. ROBERTSON] will explain that subject very fully when we reach it. Of course, with respect to cotton, unfortunately there was a crop failure.

Mr. CAPEHART. I want to be fair. With respect to all items other than farm prices, if there has been any increase since Congress enacted the law of September 8, the administration is 100 percent responsible for it.

Mr. MAYBANK. The price of ready-mixed concrete was permitted to rise. The same thing applies to roofing, soil pipe, cork products, valves, brass fittings,

and other products. The prices of a large number of things were permitted to rise since January 25.

Mr. CAPEHART. Does the able Senator, who is chairman of the Senate Committee on Banking and Currency, have a statement from Mr. DiSalle or Mr. Johnston, or anyone else who is telling the American people that if the Congress enacts the pending bill it will be responsible for price increases? Does the Senator have a statement from anyone pointing out how that might happen? It is my understanding that members of the administration are telling the people of America that if the Congress enacts the pending bill, prices will increase.

Mr. MAYBANK. I receive so many statements from so many sources regarding the bill that I cannot keep them all in mind. However, I cannot remember any such statement.

Mr. CAPEHART. They are telling the American people that if the bill which we are considering today becomes a law prices will automatically increase, and that the cost to the American consumer of what he buys will be greater.

Mr. MAYBANK. I have no such statement that I can recall. I read it in the press.

Mr. CAPEHART. How can that possibly happen if they themselves, who are charged with the responsibility of administering the law, hold prices, which they have a right to do under the existing law?

Mr. MAYBANK. I cannot figure out how it could happen.

Mr. IVES. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. IVES. I ask unanimous consent to reply to the question which the distinguished Senator from Indiana just raised.

Mr. MAYBANK. The question he raised with me?

Mr. IVES. Yes.

Mr. MAYBANK. With respect to the letter or statement?

Mr. IVES. I refer to the question which the Senator from Indiana just raised with the Senator from South Carolina. I should like to reply to it.

Mr. MAYBANK. What question was that?

Mr. IVES. As to how prices will rise.

Mr. MAYBANK. If the Senator from Indiana desires to have the Senator from New York reply—

Mr. CAPEHART. I want the information.

Mr. MAYBANK. I should like to have the information, too.

Mr. CAPEHART. Bear in mind that those administering the law have the right to deny price increases if they wish.

Mr. MAYBANK. I am glad to yield provided I do not lose the floor.

The PRESIDING OFFICER. Is there objection to the Senator from South Carolina yielding with the understanding that he will not lose the floor? The Chair hears none.

Mr. IVES. Mr. President, I merely wish to point out that I have had several conversations with Mr. Eric John-

ston on this question. Apparently—and this is something I had not myself realized—there are quite a number of businesses whose prices were held down in the fall. Their prices did not rise materially during the fall and early winter, prior to the so-called price freeze on January 25. If no roll-back should occur, the prices which have been in force in those businesses would be left as they were, presumably, unless the administration permitted them to rise in line with other prices which had previously been raised. If that is not permitted, those particular businesses, both from the standpoint of competition and from the standpoint of their relationship with others in industry generally, will find themselves at a great disadvantage.

I am very sure that the administration is not going out of its way to try to raise prices unduly at this particular time, or at any other time. In all fairness to the particular businesses which would be adversely affected, as I have indicated, Mr. Johnston stated that the average increase in manufacturers' prices would probably have to be somewhere between 5 and 6 percent, which in turn would necessitate another round of wage increases. I am dealing with that subject in remarks I shall make later, but I wish to bring out the point in question at this time.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. MAYBANK. I have the floor.

Mr. CAPEHART. I should like to reply to the Senator from New York.

Mr. MAYBANK. I shall be glad to yield to the Senator, but I want the Senator from New York to understand that, of course, I can comprehend how certain industries can be permitted to advance prices. I made that perfectly clear. But it is up to the administration to do that. It should have frozen the prices of competitors sometime ago, so that certain industries would not be in the present difficulty.

Mr. IVES. Let me point out to the Senator that two wrongs do not make a right.

Mr. MAYBANK. The Senator is correct.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield to the Senator from Indiana.

Mr. CAPEHART. What the Senator from New York is saying, and what members of the administration have been saying to him, is that from June 30, when the Korean War started, until January 25 this year, certain companies in the United States did not raise their prices.

Mr. IVES. To any extent.

Mr. CAPEHART. To any extent; or perhaps they did not raise them at all. Now the administration desires to permit those industries to raise their prices.

Mr. IVES. If roll-backs are not to be permitted.

Mr. CAPEHART. What does the Senator mean by saying "if roll-backs are not to be permitted"?

Mr. IVES. If industries are to find themselves in a condition where the prices which they are now charging are

out of line—that is, too low—where other prices are concerned, then if roll-backs were not permitted, in order to permit such industries to proceed properly and carry on their businesses without loss, they would have to be permitted to increase their prices.

Mr. CAPEHART. Suppose there were no roll-backs, and suppose the Committee and Banking and Currency had not written any roll-back limitation provisions into the bill, would the administration permit them to increase their prices?

Mr. IVES. No; that was not the idea. My understanding is that there were certain roll-backs which have not been made, but which are to be required.

Mr. CAPEHART. That is the point. The administration itself is now permitting prices to increase, which is increasing the cost of living. The roll-back limitation which the Committee on Banking and Currency wrote into the bill we are now considering, has absolutely no relationship whatever to what happened to such industries with respect to raising prices between June 25 and January 25.

Mr. IVES. On the contrary, I feel that the provision in section 2 of the bill as now written has a great deal to do with the prices which were established in the period between June 25, 1950, and January 25, 1951. It has a great deal to do with them, because inequities have been brought about, which will have to be corrected, either by rolling back some prices or, if no roll-backs are permitted, by allowing other prices to be increased. The situation cannot be left as it exists at the present time, from the standpoint of equity.

Mr. CAPEHART. I do not agree with the Senator. If I did, I would be agreeing that a situation had developed through an almost unpardonable sin on the part of the administration, because the administration did not freeze prices as of September 8 of last year. Is that correct?

Mr. IVES. If the Senator from Indiana will recall, he himself proposed to freeze prices on June 25, 1950, which history has indicated should have been done.

Mr. MAYBANK. Mr. President, I merely wish to add that the administration has had since January 25 to roll prices back and straighten out the inequities. Is that correct?

Mr. IVES. The Senator from New York will point that out in the remarks he is about to make. The Senator from New York is not apologizing for any derelictions which may have occurred in the administration under the act.

Mr. MAYBANK. The Senator from New York feels as the chairman of the committee feels, that two wrongs do not make one right.

Mr. MOODY. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. MOODY. Like the Senator from New York, the Senator from Indiana, and the Senator from South Carolina, I feel that action was not taken to freeze prices promptly enough. I should like

to ask the Senator from Indiana whether he feels now that it is advisable or feasible to remove all price and wage controls.

Mr. CAPEHART. I have never advocated it.

Mr. MOODY. Then why did the Senator from Indiana vote to do so in committee a few days ago?

Mr. MAYBANK. Mr. President—

Mr. MOODY. A motion was made to strike title IV, and the Senator from Indiana voted for the motion.

Mr. CAPEHART. That is not correct.

Mr. MOODY. The Senator from Illinois [Mr. DIRKSEN] made the motion to strike title IV from the bill. The record shows that four votes were cast in favor of the motion. The Senator from Indiana and three other Senators from the other side of the aisle voted in favor of the motion.

Mr. CAPEHART. Let us say for the sake of the argument that I did vote as the Senator says.

Mr. MOODY. Let us say the Senator did, period.

Mr. CAPEHART. I do not remember that I did.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. MAYBANK. To answer what the Senator from Michigan has said?

Mr. DIRKSEN. Yes, I wish to clarify the RECORD by saying that my good friend from Detroit is hopelessly in error.

Mr. MOODY. I would not say so.

Mr. CAPEHART. There is nothing unusual about that.

Mr. MOODY. I would ask the Senator from Illinois [Mr. DIRKSEN] whether he denies having made a motion to strike out title IV?

Mr. DIRKSEN. No, but I deny that the Senator from Indiana voted in favor of the motion.

Mr. CAPEHART. Mr. President, I do not know what all this discussion has to do with the consideration of the pending bill. I should like to be informed how the bill which we are considering would automatically increase prices. That is what I should like to find out.

Mr. MOODY. Mr. President, I would say to the Senator from Indiana that during the period when the President of the United States was endeavoring to apply a voluntary system for controlling inflation, which so many witnesses before our committee advocated, there was a sharp increase in prices. However, I agree with the Senator from Indiana that it would have been better to apply controls at an earlier date. Nevertheless, during that period there were a number of sharp increases in prices. Some businesses responded to the plea of the President of the United States not to increase their prices. If the Senator will permit me to say so, there now exists a sharp distortion and inequity between those who increased their prices very rapidly and those who did not.

If the adjustment, as the Senator from New York has pointed out, is permitted to take place an endeavor to reach an equilibrium will at least be made. On the other hand, if we freeze by law the increases which have been made by the persons who profited during that pe-

riod, then as a matter of pure equity it would be necessary to allow increases in prices among those who did not increase their prices but held the line when they were requested to do so by the President.

According to the best estimate of Mr. Eric Johnston, this would bring a 6 percent increase in the cost of living. I do not believe the Senator from Indiana would expect that under such conditions it would be possible to hold the present wage stabilization program. Therefore, if we remove the opportunity to stabilize the situation by some roll-backs and some increases, we would be blasting the wage line and, in my opinion, starting a new spiral of inflation. I believe that is the point to which the Senator from New York referred.

Mr. CAPEHART. In other words, the argument is made that there are a great many manufacturers who did not raise their prices between June 25 and January 25.

Mr. MOODY. There are some; yes.

Mr. CAPEHART. Whose prices are now too low, and, therefore, whose prices must be raised. That seems to be the argument.

Mr. MOODY. If the Senator will yield at that point, I would say that the effort is to stabilize prices. According to the formula which has been announced, manufacturers are entitled to increase any prices in accordance with their increase in cost of labor and materials since the Korean base date. If they are entitled to do so, I believe the Senator from Indiana would agree that they should do so. There are others, however, who moved up their prices much more rapidly, to a point which has not been justified by increased costs or the public interest, and those prices should be rolled back. I wonder what the Senator from Indiana thinks about it.

Mr. CAPEHART. Mr. President, please let us keep the Record straight, so that every Senator may have the facts before him. There is nothing in the pending bill which would prohibit the Administrator from permitting every one of the increases to which the able Senator from Michigan is referring. There is nothing in the bill which would prohibit their increasing their prices.

Mr. MOODY. Mr. President, will the Senator yield at that point?

Mr. CAPEHART. There is nothing in the bill which would prohibit it.

Mr. MOODY. I believe the Senator from Indiana will agree that if the committee's stabilization plan is upset by amendment, so as to make it impossible to stabilize the relationship of prices, it will be necessary, as a matter of equity, to increase various prices, which will result in an increase in the cost of living by an estimated 6 percent. If that is what the Senator is trying to do, let us have it out in the open.

Mr. MAYBANK. Mr. President, I have the floor. I appreciate the fact that Senators wish to ask questions, but I have only a 5-minute statement, and 40 minutes have been consumed already. I have been able to read only the first page of it. I shall be glad to yield for a question.

Mr. CAPEHART. I wish to ask this question of the able Senator from South Carolina [Mr. MAYBANK], the chairman of the Banking and Currency Committee, and the Senator who reported the pending bill: Is there anything in the bill or anything in the existing law which prohibits the Price Administrator from permitting all manufacturers to increase their prices above what they were on September 8, when the present law went into effect?

Mr. MAYBANK. No, there is not. Of course, the Office of Price Stabilization can continue to make investigations and findings, including findings in hardship cases. The Administrator can continue to administer the law under which Congress gave the President authority to freeze prices as of last May or June.

This bill will allow freezing prices as of January 1951. We think that is when prices should be frozen, because since then great increases in prices have occurred.

Mr. CAPEHART. Mr. President, if the Senator from South Carolina will yield for a further question, I shall appreciate it. As chairman of the Banking and Currency Committee, can he state whether there is anything in the pending bill which will prohibit the Administrator from permitting any of the concerns which did not increase their prices to raise their prices?

Mr. MAYBANK. No. Of course there is a formula which the Administrator is supposed to follow in connection with the adjustment of prices. However, the worst thing about the roll-backs, as the Senator well knows, is that they constitute an indirect method of taxation.

I should like to say—and I call this point particularly to the attention of the Senator from Ohio [Mr. BRICKER]—that in connection with this matter we must bear in mind the tax bill, and particularly the excess-profits-tax features of that bill, which has been passed by the House of Representatives, and soon will be before the Senate. If we give the Administrator the authority to roll back prices, and if he does so and continues to do so, when he rolls back prices he also will roll back the income of the Government by means of taxation, because if prices are rolled back, lower prices will be charged and profits will be decreased, and then the excess profits tax, which was passed on last week by the House of Representatives, and will be considered by the Senate shortly, in connection with the tax bill, will be seriously affected. Thus the income of the Government will be curtailed if prices continue to be rolled back or if Congress gives Mr. Johnston and Mr. DiSalle authority to roll back prices.

Many persons are confused because of the situation in connection with the price of beef. However, it is clear that when prices are rolled back, profits also are rolled back, and then the tax revenue is reduced.

The Senator from Georgia [Mr. GEORGE] tells me that the rollbacks thus far in effect have already had a serious effect on the tax revenues, according to the Treasury Department.

I should like to have the Senator from Ohio and the Senator from Indiana express themselves on that point.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. BRICKER. There is no question that there is much confusion in this connection. We can add to it the confusion which will exist when prices are rolled back in particular industries in the way that beef prices were rolled back. Not only will the result be confusion, but it will also be a reduction in production, and that will feed the fires of inflation, and will prevent the production of the goods which it is necessary for our country to have in connection with carrying on the war in Korea and in connection with our own defense effort. Any situation of that kind not only would cause confusion and would curb production, but also would decrease the income of the Government, which the Government will need in order to carry out the other provisions of the bill.

Mr. MAYBANK. Yes, it will materially decrease the Government's income, as a result of a drastic decrease in profits, with the result that a much smaller number of persons will pay taxes under the excess-profits provisions.

Mr. BRICKER. In that way, confusion and inflationary pressure will be caused. Even under the testimony of Secretary Brannan before a House of Representatives committee, the ultimate effect will be to curb production and prevent the accomplishment of the very purposes we have in mind in enacting the bill.

Mr. MAYBANK. In connection with this matter, we must consider the price increases in the case of rubber, tin, copper, lead, and zinc. We should bear in mind that some of those price increases occurred only because the United States Government itself put up the prices.

Mr. MOODY. Mr. President, I wonder whether the Senator from Ohio knows that in 1943 and 1944, at the height of World War II, when price controls were in effect, production in the United States was at a higher rate than it ever had been before or since. That was not because of the controls, of course, but the controls did not prevent the high rate of production.

Mr. BRICKER. Again, Mr. President, the Senator from Michigan is in error. Today the production in the United States is higher than it has ever been.

Mr. MOODY. That is the second error which has been made today by Senators on the other side of the aisle. The first was when the Senator from Illinois [Mr. DIRKSEN] said the Senator from Indiana did not vote in favor of the motion of the Senator from Illinois to strike title IV. I have just consulted the clerk, and he says the vote was 8 to 4, and I remember very clearly that the Senator from Indiana did vote for that motion.

Mr. MAYBANK. Was there a yeand-nay vote?

Mr. MOODY. The chairman was on the floor of the Senate handling the independent office appropriation bill and the Senator from Virginia [Mr.

ROBERTSON] was acting chairman. The Senator from Indiana held up his hand, and I think that was an indication of a vote.

Mr. CAPEHART. Mr. President, the Senator from Michigan says that I held up my hand. I do not know why the Senator brings up that matter on the floor, and whether it is necessary to have persons snooping to see whether a Senator holds up his hand. I wish to say that I do not like such tactics, and I do not think the Senator should make such statements. I think it is out of order for him to do so.

Mr. MOODY. I do not believe it is out of order, Mr. President. Is it out of order for one Senator to say how another Senator voted in a committee? Why should a Senator's position on a matter of this importance be secret? Let me ask the chairman of the committee about that.

Mr. MAYBANK. Mr. President, let me say to the Senator that I cannot rule on a point of order; the Presiding Officer will have to do that.

In conclusion, Mr. President, let me say that to the amazement of the committee, after the administration had had the opportunity, since September 8, 1950, to roll back excessive prices to the June level and refused to do so, the Committee now finds that the Administration have a desire to have legislation passed to permit drastic roll-backs.

Any such roll-back of prices now would further unbalance the budget and create greater inflation. Instead of the corporations and business firms of this country paying their taxes and contributing to the excess-profits tax, they would be relieved because the Administration would roll back their prices, so that profits, on which taxes are collected, would not accrue. This would naturally be followed by further inflation and a demand for total rationing of all articles not in excess supply.

It has been stated that wages will have to be raised if the roll-backs are not allowed. Of course, there will always be wage adjustments. But the members of the larger unions, with their escalator clauses, will be protected; and the Wage Stabilization Board was supposed to have adjusted wages to the January 25 price level. If it has not, it is its duty to do so.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. TAFT. Is there anything in the present law or in the extension bill which would authorize subsidies; and if so, to what extent would subsidies be authorized?

Mr. MAYBANK. We were asked to include in the bill various provisions in regard to subsidies. However, that has not been done. On the other hand, there are in the present act certain types of marginal subsidies in regard to mine production and similar strategic material production. That matter is presently handled through the Secretary of the Interior.

Mr. TAFT. Does the Senator mean that occurs under various provisions of existing laws?

Mr. MAYBANK. Yes, under section 303 of the present law.

Mr. TAFT. In this bill or in any existing law, is there any authority to subsidize imported commodities?

Mr. MAYBANK. No express authority so far as I know. The Government buys tin and rubber directly; and, as the Senator knows, the only reason for the substantial price increases in the case of those commodities was the action of the Government itself. Now the Government is putting those prices down. However, the Government was the cause of the price increases in the case of those commodities. There is no express subsidy program for them.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield to the Senator from Ohio.

Mr. TAFT. I suppose that the Government, through some of its corporations, can buy things such as copper, the price of copper in the Argentine and in Chile now being 28½ cents, for example.

Mr. MAYBANK. Through the various appropriations which have been made for stockpiling agencies, purchase contracts have been made with respect to copper and several other items.

Mr. TAFT. I am not so much concerned about stockpiling as I am with the question of whether the Government has power to buy copper at 28½ cents in Chile, and then sell it to American manufacturers at a loss, thereby subsidizing the price of copper.

Mr. MAYBANK. It could do so, because copper could be declared a critical material, and the Government could buy it.

Mr. TAFT. But that does not necessarily come under the Defense Production Act.

Mr. MAYBANK. Well—

Mr. TAFT. It is rather under general powers.

Mr. MAYBANK. I think it would be under the Defense Production Act under section 303 (a). If the Senator will recall, in the present act we authorized \$600,000,000 borrowing power and an additional \$1,400,000,000 in appropriations. Some of this money was later turned over to the Reconstruction Finance Corporation for defense loans. The Senator suggested that it not be left wide open, but that the Appropriations Committee should determine the amount of money to be provided. I may say to the Senator that is exactly what we have done in this bill. We have changed it so that it will be possible to go to the Appropriations Committee to get the specific amount of money needed.

I may say to the Senator that if he will refer to page 44 of the report, section 304, subsection (c), he will see to what I refer. Subsection (c) reads:

In addition to the sums authorized to be borrowed under subsection (b), there is hereby authorized to be appropriated to carry out the purposes of sections 302 and 303, such sums as may be necessary therefor.

In other words, we left it to the Appropriations Committee, and, as the Senator knows, we eliminated the clause "not in excess of \$1,400,000,000."

Mr. TAFT. I thank the Senator.

Mr. IVES obtained the floor.

Mr. SPARKMAN. Mr. President, will the Senator from New York yield, that I may make a brief statement?

Mr. IVES. Mr. President, the Senator from New York appreciates the problem with which the Senator from Alabama is faced. He asks unanimous consent that he may yield to the Senator from Alabama for a brief statement, with the understanding that the right of the Senator from New York to the floor will in no way be prejudiced, and with the further understanding that debate will not ensue.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPARKMAN. Mr. President, I appreciate the kindness on the part of the Senator from New York, and I have promised him that I would not use more than 10 minutes. Therefore, I must announce in advance that I shall not be in a position to yield during that brief time. Unfortunately, I have an appointment tomorrow of long standing, which will take me out of the city. I shall have to take an early train in order to keep the appointment. It is for that reason that I have asked for the privilege of speaking at this time.

I am always regretful when I find myself in opposition to the chairman of the Committee on Banking and Currency, of which I am a member, in reference to any matter. I think I may say conscientiously that I have never known a chairman with whom I was so reluctant to differ as I am with the very able chairman of our committee. However, I am in opposition to him with reference to one part of the pending bill which I consider really the heart of the measure. It is the amendment which is found on page 2, section 2. When I read the amendment, I hope every Member of the Senate will carefully follow the reading:

SEC. 2. Section 402 (d) of the Defense Production Act of 1950 is amended by adding at the end thereof the following new paragraph—

This is new legislation—

(4) After the enactment of this paragraph no ceiling price shall become effective which is below the lower—

Mr. President, please note that it says "below the lower," not the higher, of—

(a) the price prevailing just before the date of issuance of the regulation or order establishing such ceiling price, or (B) the price prevailing during the period January 25, 1951, to February 24, 1951, inclusive.

Mr. President, before I say anything about the bill, I desire to take a moment to pay a compliment to the very able chairman of the committee. This is a most difficult piece of legislation to handle. The Senator from South Carolina [Mr. MAYBANK], our chairman, has been brave, enduring, considerate, courteous, grave, and hard working. The hearings continued for weeks. He sat in committee day in and day out, hearing witnesses who represented every viewpoint to be found in the country with reference to the proposed legislation. It was one of the finest jobs of patient and careful consideration I have ever seen. His is not an easy position. Many of the

votes in committee were close, many of the questions being decided by a single-vote margin, yet he has the job of coming to the floor of the Senate to present the bill as the committee directed him to present it to the Senate.

I have heard some say that if the provision I have read should remain in the bill, we would be better off without any bill at all. I do not know whether or not that is true, but I believe that it constitutes bad legislation; and I desire to mention but a few points. We started out with a bill which included as the base period the period from May 25 to June 24, 1950. Personally, when similar legislation was being considered last year, I advocated controls across the board. I advocated the Baruch plan, and I did my best to have it written into the law; but that was not done.

Statements have been made that the administration was tardy in starting to take action under the law which was passed last year. It may have been. I do not know.

My own personal feeling is that we should have been in position to step in last fall when the United States Steel Corp. announced the first rise. That is when the fireworks started anew.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. SPARKMAN. I cannot yield. I have only 5 minutes remaining.

We fixed the period I have mentioned as a base period, and when controls were started, using that as a base period, there was worked out the relationship between prices and wages. The thing we are working for is not freezing or controlling, it is stabilization. Working to that end, it was decided that a wage level could be set at approximately 10 percent above the prevailing wage. That was worked out carefully by taking into consideration the various price levels. We are now changing the base date, and just as certain as anything can be changing the date changes the relationship between prices and wages.

We are in a pretty well stabilized condition at the present time as between prices and wages. That is one reason why so many persons throughout the country have a feeling of indifference as to whether controls should be continued. We have been throwing them out, and, as a result, there will be a new round of wage demands. I asked Mr. Eric Johnston the other day what he thought the effect of it would be. He said that in his opinion it would increase the wage level from 5 to 6 percent. I said, "What would that amount to in dollars?" He said it would amount to \$7,500,000,000. That is \$300,000,000 more than the tax bill which the House has just passed. On the one hand we raise taxes, and on the other hand we inflate wages and wipe out the effect of the tax bill. I should like to discuss that subject further, but I want to move to another subject.

We who come from farming sections of the country are sometimes accused of writing legislation that protects the farmer. Some persons may believe that the section I am discussing protects the farmer, but it does just the opposite. I am not sure that this section would not

have the effect of repealing the parity section written into the law last year, because it is contradictory to it and there is no saving clause involved.

I use cotton as an illustration. I could use beef, wheat, or any other farm product. It is a well-known fact that when things level off, if anything like a recession, a depression, or a slow period comes, farm prices are the first prices to go down. Under this provision, any farm product or any other product which goes to a lower price may be frozen at that lower price. I refer to farm products because some persons think the bill would protect the farmer.

Cotton has a ceiling of nearly 46 cents a pound. It is selling for slightly less than that amount. This year the farmers planted a 16,000,000 bale crop and we are hoping to harvest it. Because of that prospect cotton futures are selling at a little less than 40 cents a pound. It is anticipated that cotton may well go down to 36 cents a pound. The very day it does down to that extent, the Administrator, if he desires can put a price ceiling on cotton of 36 cents. If there is a poor crop next year, the farmer will be frozen.

If the beef price should go down below its present level, the very day it goes down the Administrator can clamp on a ceiling. That would prevent our taking the benefit of lowered prices on imported goods. The report of the committee makes reference to burlap. That commodity has had a decrease in price recently. If the section which I am discussing should remain in the law, the price decrease could not be passed on to the consumer, even though the manufacturer of the burlap bag received the benefit of the lowered cost of the imported goods. The same thing is true of any imported raw material.

Mr. President, there is much I should like to say about this amendment, and I hope to have an opportunity to discuss it further, but at this time I must stop with these few brief words, expressing my sincere appreciation to the able senior Senator from New York for yielding to me at this time.

Mr. IVES. Mr. President, I was very glad to yield to the Senator from Alabama.

At the outset of my remarks I should like to say that I shall decline to yield until I have completed the prepared portion of what I have to say, for two reasons: First, we are faced with a matter of time, which has been pointed out rather forcefully by the distinguished chairman of the Committee on Banking and Currency, and I do not want to take any more time than I believe to be necessary. In the second place, by yielding, as I might be inclined to do under normal circumstances, the continuity of my thought as it would appear in the Record would be utterly destroyed. Therefore, as I have said, I shall decline to yield until I have finished my remarks, at which time I shall be very glad to yield to any Senator for any questions he may put to me, and shall endeavor to answer them so far as I am able to do so.

Mr. President, last August, when we were debating the Defense Production

Act of 1950, there was considerable reluctance to grant to the President standby authority to impose controls over prices and wages. This opposition was especially understandable in the light of the fact that the President himself had not only declined to request such standby powers, but actually seemed to resent the insistence of the Congress upon granting them to him.

Because of the President's refusal to exercise them immediately after the Defense Production Act of 1950 was passed by the Congress on last September 1, the result of these congressional efforts has seemed to some to have been worse than would have been the outcome if we had acted otherwise. This question is now academic, and can be debated ad infinitum without reaching a conclusion which will meet with general agreement.

The fact remains that the President did not take early advantage of the authority thus bestowed upon him by the Congress. More than 3 months elapsed before he established the Economic Stabilization Agency. During this period many prices—especially food prices—skyrocketed.

Belatedly, the administration called upon the public voluntarily to keep prices down and urged the workers to be reasonable in demands for wage increases.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. IVES. The Senator from New York has indicated that he would not yield until he had concluded his remarks, and he cannot make an exception.

The PRESIDING OFFICER (Mr. LEHMAN in the chair). The Senator from New York declines to yield.

Mr. IVES. The response of the public to the pleas of the Government was no more than half-hearted. The temptation to chisel and to profiteer, as long as the other fellow was indulging in similar practices, was too great for too many.

And here I pay tribute to those patriotic Americans who last autumn, when the Nation's economy was drifting dangerously on a turbulent sea of politics attendant upon the November elections, patriotically carried on, with the welfare of their country rather than their own immediate personal and financial gain as their first consideration.

The yielding of many to the temptation to profiteer demonstrated beyond question the truth of the fact which many of us had been emphasizing last summer, that voluntary controls and selective or partial controls are ineffective and useless. At the same time, the inevitable consequence of so inexcusable an experience was a desperate national economic condition when the Economic Stabilization Agency was finally established.

I emphasize the statement that the inevitable consequence of so inexcusable an experience was a desperate national economic condition when the Economic Stabilization Agency was finally established. It made the mobilization and stabilization tasks assigned to Mr. Wilson, Mr. Johnston, Mr. DiSalle, and others well-nigh impossible to handle.

Not until January 25 of this year—almost 5 months after the passage of the

Defense Production Act of 1950—was there any formal or legal attempt to freeze prices.

All of us are acquainted with the problems attendant upon efforts to obtain at least some semblance of wage stabilization. In effect, this record is the old story of "locking the barn after the horse is stolen."

Nor has there been any stabilization in wages or prices since January 25, 1951.

Regulations, orders, directives, and what-not have been pouring forth by the carload from the various administrative agencies. Business, particularly small business, is confused, frustrated, desperate. Reports from around the country insist that compared to the situation to which I refer, the regime of the old OPA was a paradise.

I have a great deal of sympathy for those who have made these complaints; especially do I sympathize with the little merchant in the country village who many times single-handedly must carry on his business. It has seemed to me that a far more simple and practical approach could have been instituted initially than that which has stirred up so much misunderstanding and ill feeling among so sizable and important a part of American business. I have been glad that this situation has been partially corrected by an amendment to CPR-7.

It is significant that the criticism is directed not primarily at the price levels themselves, but largely at the red tape and monkey business which has surrounded their effectuation.

So it is that the hue and cry for the elimination of price and wage controls have been increasing on the part of a substantial element in our business community; and so it is that the additional controls and authority provided in S. 1397 have met with substantial opposition in the Congress and that S. 1397 itself has been scrapped.

In all fairness I would point out, however, that one reason for denying such additional power and authority to the President is a very real doubt regarding the character and ability, not of Mr. Wilson or of Mr. Johnston, but of some possible successor to either of them who may some day fill the position of the Director of the Office of Defense Mobilization or the Administrator of the Economic Stabilization Agency. If we could be sure that Mr. Wilson and Mr. Johnston or men of equal caliber would fill these positions during the life of the Defense Production Act, it is very probable that congressional opposition to the new and added powers and authority, which these gentlemen have requested and the President has recommended, would be substantially reduced. But the uncertainties of human life and the exigencies and vicissitudes of politics being what they are, many of us are unwilling to take the gamble which S. 1397 requires. Consequently, instead of S. 1397, we now have under consideration S. 1717, which is very different from the administration's bill.

The committee report and the statement by the chairman of the Banking and Currency Committee, in supporting S. 1717, have covered most effectively its

background, content, and purpose. To a considerable degree I concur in these presentations.

For example, the rent control provisions which are included in the bill and replace provisions in the Housing and Rent Act of 1947, seem to constitute a very reasonable and equitable solution of a most difficult and controversial problem. By these provisions the basic principles of local determination and local autonomy are preserved. In other words, Federal rent control cannot be imposed in any State or locality of the country which does not desire such control, and which has its own rent control setup with standards that are as high as those established by the operation of Federal rent control itself, regardless of the "critical defense area" status of the State or locality concerned.

I repeat that, because it is the essence of the provision on rent control in the bill. As I understand, Federal rent control cannot be imposed in any State or locality which does not desire such control, and which has established its own rent control—with standards that are as high as those established by the operation of Federal rent control itself, regardless of "critical defense area" status of the State or locality concerned.

This provision assures both a high quality of standards in force in every critical defense area of the country and the sanctity of the great American principle of home rule.

On the other hand, I am not satisfied with the termination date for titles IV, V, and VI of the act, which is February 29, 1952. It seems to me that the present outlook is altogether too uncertain to extend the Defense Production Act beyond some date within the current calendar year.

In this connection, it should not be forgotten that 6 months or so ago we were being told by various so-called economists and other dopesters that this summer the present summer, there would be a sizeable shortage in durable goods; such as automobiles, electrical equipment, home appliances generally, etc. All of us know that such an eventuality has not occurred. To be sure, we are told now that it is a bit difficult to obtain a Cadillac, but at the same time we are informed that there is a tremendous surplus of nearly every other make of automobile. Indeed, the automobile dealers warn us that the used-car market is clogged completely with a great mass of used cars which are not being sold.

Only recently we have witnessed the unusual spectacle of "price wars" in certain sections of the country in which many items falling within the category of durable goods and containing materials which are presumed to be scarce were being dumped on the consumer market at bargain prices.

Please do not misunderstand me; I am not finding fault with these price reductions or with the anxiety of certain merchants to undersell one another. The public has been the great beneficiary in these controversies. But the fact remains that the conditions to which I refer, have had the effect, rightly or wrongly, of convincing many

of those in business generally that the predicted shortages have only been figments of the imagination, and that we may be faced actually with the danger of serious deflation rather than with any menace of greater inflation, or even with a continuation of the inflation we are now experiencing.

I do not know the answers to the questions in the conflict of opinion between those who are predicting serious scarcities of consumer goods during the coming fall and those who insist that such prediction should be classified with the prophecies of the past winter, to which I have referred. I have my ideas, of course. It it pointed out that the pessimistic prognosticators were wrong then and that they may be wrong now.

On the contrary, they may be right, and it seems to me that the preponderance of present evidence sustains their predictions.

If they are proved to have been right, if serious scarcities in essential goods do occur at a time when employment is higher than ever before and there is more money to spend by consumers than ever before, if such conditions do arise when price and wage controls are either inadequate or non-existent, then in all reverence I say, "Heaven help the American people."

Hence, as I have stated, it has seemed to me that titles IV, V, and VI of the Defense Production Act of 1950 should be extended, but not beyond some date in the current calendar year, and I am not in agreement with the bill's termination date for these three particular titles, which I regard as too remote. I think February 29, 1952 is altogether too remote with conditions as they are, and with the bill in its present form.

Indications are that the Congress will be in session during the greater portion of the present year and that we can well consider a still further extension of the act in the late fall.

Furthermore, I can well understand the attitude of those who feel that the Office of Price Stabilization should not be left with so much authority to roll back prices during the 8 months' extension which is provided in the bill. In fact, I first voted in Committee in favor of section 2 as it is written in S. 1717 because it seemed to me that the limitation on price roll-backs which is contained in this section should be conducive to clarifying and stabilizing a situation which has been and is very foggy and uncertain; I voted for it because the Office of Price Stabilization has had 5 months in which to do all the rolling back of prices it desired to do, and it seemed to me that such a period of time should have been ample for the effectuation of any roll-backs which may have been justified and necessary. I voted for it with the realization that rollbacks can still be made until July 1. I voted for it, hoping that its adoption would encourage greater production. It seemed to me that, on the whole, this provision might be beneficial to the economy.

However, my attention has been called to certain phenomena connected with the price roll-back problem and the wage-stabilization effort.

In the first place, increased production of consumer goods is out of the question when there are shortages of materials for such production. Furthermore, it would appear that the enactment of this bill with the present section 2 in it either would do a great injustice to many businesses in the country, which last year voluntarily held prices down and thus would be caught in an inequitable, and in many instances damaging, freeze, or would require that these same businesses be authorized to raise their prices in line with price increases in other industries, with which they are connected or by which they can be or are being adversely affected.

Mr. Eric Johnston has told me that such an adjustment upward would mean an average manufacturing price increase—I point out that this is an average increase—of from 5 to 6 percent, thereby necessitating another round of wage increases which, in turn, would further aggravate and complicate and augment our dangerous inflation difficulties. After most careful and thorough consideration, I have reached the conclusion that the proposed roll-back restriction should not be allowed. Rather, we should curtail greatly the period of extension for title IV, as I have indicated.

I have submitted in the committee report accompanying S. 1717 a statement of my individual views regarding section 2. I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks the text of that statement.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

INDIVIDUAL VIEWS OF UNITED STATES SENATOR
IRVING M. IVES

This report of individual views is filed in opposition to section 2 of S. 1717. That section would amend section 402 (d) of the Defense Production Act of 1950, and thereby deny the Administrator of the Office of Price Stabilization the power to roll back prices below "the price prevailing during the period January 25, 1951, to February 24, 1951, inclusive." It does not affect the legality of roll-backs effective before June 30 of this year or before the effective date of this legislation.

On September 1, 1950, the Congress passed and sent to the President the Defense Production Act of 1950, which legislation had been introduced on July 19. With other powers granted to the President was control over prices and wages. Congress realized the necessity for immediate imposition of controls. Pre-Korean war orders had to be tripled. By the end of 1951 almost one-fifth of all goods and services produced would be devoted to the materials of war.

Increases in war orders must be filled by an economy which even before Korea was straining at the leash to fill peak peacetime demand. Unemployment neared rock bottom, and consumer and wholesale price indexes rose sharply in the first half of 1950. Expectations were that prices would rise even further as inventories were accumulated at a rapid rate. With prices already on their way up, the inflationary dangers of tripled war orders in an uncontrolled economy were frighteningly apparent to everyone except the President and his administration.

Almost 5 months passed before prices were frozen. During these 5 months controls were a toothless farce. On December 19, 1950, the Price Administrator requested everyone

voluntarily to hold the line. But his pleas generally fell on deaf ears.

The effects of this policy were disastrous. From August to January wholesale prices generally rose over 10 percent while consumer prices jumped 5 percent. The price jumps of isolated items which play an important part in the consumer's cost of living were even more spectacular during that period. Beef prices, for example, increased almost 25 percent. And beef accounts for almost one-half of the average American's meat diet and for over 13 percent of every dollar spent for food.

Granted that our present judgment of the Price Administrator's action has the benefit of hindsight. Assume that the 5 months' recess from September to January was necessary for a staff to be assembled and controls formulated. Still unexplained is the reason why all prices were not controlled in January, and why prices were not rolled back then. An incredible lack of courage seems the only plausible explanation.

Finally, on January 25, partial price controls were imposed. However, even then many important items making up the consumer's cost of living were not controlled. As a result, even with so-called controls, consumers prices rose another 5 percent between January and June 1951.

It is apparent to all that drastic mistakes have been made. But this was almost inevitable. Politics and controls do not mix well—this the administration has taken almost 1 year to discover. At last, however, the administration is beginning to do now what should have been done 6 months ago. When ceilings were first clamped on, prices should have been rolled back where necessary. This was not done.

These roll-backs still must be made, but the provision in the bill will prevent the Price Administrator from making them. This will throw the whole burden of the past mistakes where it least belongs—on the consuming public. Failure to permit further roll-backs will cause prices to go up even further, and perpetuate serious inequities in the existing price structure.

The section, as written, would prevent price roll-backs already announced by the Administrator but not yet in effect. By preventing further reductions in beef prices, this proposal would freeze prices of beef at 35 percent above January 1950 levels. Other prices and wages will be allowed only a 10-percent increase above that level. Also, the series of regulations which started with the General Manufacturers Regulation (CPR 22) and has been extended to a wide area of machinery and related industries, including machine tools, farm machinery, and other production equipment (CPR 30), woolen yarns and fabrics (CPR 18), cotton textiles (CPR 37), men's and women's apparel (CPR 45), and shoes (CPR 41) would be nullified. These regulations have been issued, but will not become fully effective until various dates after June 30, 1951.

The object of these regulations is to remedy distortions in the stabilized price structure. The General Ceiling Price Regulation not only froze prices at the highest level in our history, but also froze them badly out of balance with each other. The Price Administrator has promulgated regulations aimed at eliminating these distortions. Where January 25 prices had risen faster than costs, rollbacks will cut prices. Where prices have not kept pace with costs, prices actually will be moved forward. Thus, the regulations allow increases where prices have not kept pace with costs, while rolling back those prices which jumped beyond—and often far beyond—cost increases. Section 2 of this bill will cripple these regulations. In fact, the committee's action discriminates against those manufacturers who between December 19, 1950, and January 25,

1951, heeded the Price Administrator's plea to hold down prices. For many of them did not raise prices in line with increased costs.

If roll-backs are not permitted, then some prices must be raised. Stabilization requires that prices be related both to each other and to wages in an equitable manner. Because the increase of demand since Korea has not been spread evenly throughout the economy, some prices have risen more than others. Stabilization requires that prices which have skyrocketed be brought into line with prices that have not risen so rapidly. Unless this is done serious inequities may result. For one man's price is another man's cost. And if one man's prices are not controlled, then another man's costs are rising, and his ceiling must in turn be raised. Prices can be brought into line with each other either by raising the lagging prices or by rolling back the skyrocketing ones. Rolling back prices is the only answer.

Two specific examples illustrate what section 2 of this bill will mean in terms of higher prices to the consumer. Consider the case of building materials. Present indications are that CPR 22, which would be nullified, would roll back building material prices \$1,500,000,000 a year, while allowing increases for cost equivalent to \$500,000,000 a year. If the proposed section becomes law, the net result would be changed from a saving of \$1,000,000,000 a year to an immediate price increase of \$500,000,000. Similar disastrous results to consumers will stem from nullification of CPR 22 as applied to the chemical industry. CPR 22 would lower chemical prices a total of \$300,000,000 to \$400,000,000 per year. These price reductions would affect synthetic solvents (alcohol, methanol), certain plastics, DDT, and related heavy chemicals. Since chemicals are basic industrial raw materials, this would mean higher prices for a wide range of manufactured goods.

Furthermore, another price rise now would touch off a new round of wage increases. Labor-management contracts covering some 2,940,000 workers are tied to the consumers' cost-of-living price index. As the cost of living rises their wages must rise. Also, rising prices will provide ammunition for new wage demands by workers whose wages are not specifically tied to the cost-of-living index. As the noted labor economist, Carroll Daugherty, recently wrote:

"Wage controls and price controls are closely and intimately related. In the end there is no effective price control without effective wage control, and there is no effective wage rate control without price control at the retail level. The only way to hold wage rates down is to hold the cost of living down."

Thus another price rise would inspire another wage rise, and we would be on our way again along the spiraling path of inflation. This situation cannot be tolerated.

Both consumer and producer interest dictates that section 2 of the bill be rejected.

Mr. IVES. Mr. President, I am convinced that wage and price controls, as provided in the Defense Production Act of 1950, and rent controls, as provided in section 5 of the pending bill (S. 1717), should be continued.

If our national defense production program is as large as we are told it should be, if we are to prepare adequately against powerful aggression which apparently only awaits a propitious moment to strike at us, there are going to be real scarcities in consumer goods which are not only luxuries in some instances, but vital necessities in very many other cases.

In other words, there is not likely to be enough of everything so that everyone can have all he will want, or perhaps all he will need desperately.*

Such a condition may necessitate eventual rationing. In any event, it would seem to require the minimum of controls, which are authorized by the present law and by the bill now before the Senate, if it is amended as I have indicated I feel it should be amended.

I realize that price and wage controls are not the most important or essential forces in our struggle to combat inflation. I realize that, improperly administered, these controls actually can aggravate and increase inflation. I realize also—and this is most important of all—that there is too great a desire for gain by business safely to permit a condition to exist in which there are increasing scarcities of goods needed for civilian use at a time when the demand for these goods is increasing and there is no control over the prices which the public can be soaked for them.

It is frequently stated nowadays—I presume that most Senators have heard the statement—that a smart vote on the question of controls is to vote against this legislation—if it is going to be enacted. Every American hates controls; and the chances of their being administered to the satisfaction of most people are not good.

But, if this legislation should fail of enactment, woe unto him who will have voted against it. And woe unto our free competitive enterprise system in such circumstances. Compared to the economic, financial, and social chaos which would accompany the uncontrolled inflation that might follow the defeat of this legislation, present inequities and unpleasantness and inconveniences—annoying and unwarranted though they may be in many cases—are truly trivial.

Mr. President, I yield the floor.

Mr. SCHÖEPPEL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The roll was called, and the following Senators answered to their names:

Anderson	Green	Monroney
Bennett	Hayden	Moody
Benton	Hendrickson	Mundt
Brewster	Hennings	Neely
Bricker	Hickenlooper	Nixon
Bridges	Hill	O'Connor
Butler, Md.	Hoey	O'Mahoney
Butler, Nebr.	Holland	Pastore
Cain	Humphrey	Robertson
Capehart	Ives	Russell
Carlson	Jenner	Saltonstall
Case	Johnson, Colo.	Schöepfel
Chavez	Kem	Smith, Maine
Clements	Kerr	Smith, N. J.
Connally	Kilgore	Sparkman
Cordon	Knowland	Stennis
Dirksen	Langer	Taft
Douglas	Lehman	Thye
Duff	Long	Tobey
Dworschak	Magnuson	Underwood
Eastland	Maybank	Watkins
Ellender	McCarran	Welker
Ferguson	McCarthy	Wherry
Flanders	McClellan	Wiley
Frear	McFarland	Williams
Fulbright	McKellar	Young
George	McMahon	
Gillette	Millikin	

The PRESIDING OFFICER. A quorum is present.

Mr. MAYBANK. Mr. President, I invite the attention of the majority and minority leaders to a request which I am about to make. I appreciate that it is rather early to request unanimous consent regarding a limitation of time for debate and the setting of a time for a vote on the pending bill, but I think it worth considering. As Senators know, the pending bill is to be laid aside temporarily tomorrow in order that a motion by the Senator from Ohio to reconsider the vote by which House bill 2416, Calendar No. 305, relating to exclusion from gross income of income from discharge of indebtedness, was passed by the Senate, may be taken up. It will, therefore, probably be Wednesday before we can resume consideration of the pending bill. As Senators know, the present act will expire on Saturday. Consideration of the bill must be completed, and, if there is to be proper conference, the conference report will have to be agreed to by Saturday.

I am wondering whether the distinguished majority and minority leaders would think that we could limit debate on the amendments and begin voting perhaps tomorrow afternoon, if the consideration of the motion of the Senator from Ohio does not extend too far into the afternoon. I realize that the Senator from Ohio stated on Friday that he would speak at length. If we could resume consideration of the pending bill later tomorrow afternoon, or at least by Wednesday, and get along with its consideration, I should appreciate it. I understand there are no more speakers on the other side of the aisle, or, as a matter of fact, on this side of the aisle, in connection with the pending bill. I know of no Senator on the other side of the aisle who wants to speak, and the Senator from Indiana [Mr. CAPEHART] and the distinguished minority leader have both told me they had no knowledge of any other Senator on their side of the aisle desiring to speak.

Mr. WHERRY. Mr. President, I may say in behalf of the minority that I have not canvassed the situation thoroughly, but my feeling is that if the distinguished Senator will propound his unanimous-consent request following the disposition of the motion of the Senator from Ohio tomorrow afternoon, so far as the minority is concerned, there will be no difficulty in determining the matter at that time one way or the other. We feel that the pending bill must be disposed of within the time limit, and that the sooner it is disposed of, the better.

Mr. MAYBANK. I appreciate the Senator's statement. The bill must be passed by Thursday, if there is to be time for a proper conference, and if the conference report is to come before the Senate for consideration and is to be agreed upon before the present law expires, as it does, on Saturday night.

Mr. WHERRY. That is correct. I have no objection to proceeding with the consideration of the pending measure. I think we should do so. I should like to have the amendments taken up and acted upon now.

Mr. MAYBANK. I was going to suggest that, a little later, we proceed to the consideration of amendments, if any. I feel certain that a vast majority of the Senators appreciate the fact that controls, to a certain extent, must be maintained, and I do not think there is going to be any great debate over the bill, except on the section regarding roll-backs. That section I think will require considerable time.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. McFARLAND. I certainly hope we may be able to enter into a limitation of debate, and I may say that, so far as I am concerned, there will not be very much time consumed on the motion of the Senator from Ohio to reconsider the bill referred to. That motion will be taken up tomorrow. I am hopeful that we may be able to devote considerable time tomorrow to the consideration of the pending measure.

Mr. MAYBANK. I am hopeful we may be able to accomplish quite a little bit this afternoon in connection with the bill.

Mr. McFARLAND. I may say that, for myself, I expect to have very little to say upon the pending bill.

Mr. MAYBANK. I hope that we shall remain in session and that we shall be able to get well under way in the consideration of the bill this afternoon. It would be nothing less than shameful if the Senate were to meet for only a few hours for the consideration of this most important bill.

Mr. WHERRY. Mr. President, if the Senator from South Carolina will yield in order that I may ask a question of the majority leader, does not the majority leader feel that the time for making the proposal would be at the conclusion of the action upon the motion to reconsider?

Mr. MAYBANK. To that I agree. I withdraw my unanimous consent request at this time, with the understanding that we shall take it up again tomorrow, following disposition of the motion of the Senator from Ohio. I would ask, then, that the Senate proceed to the consideration of amendments, if any, to the pending bill.

The PRESIDING OFFICER. The bill is open to amendment from the floor.

Mr. KERR. Mr. President, I desire to call up an amendment offered by me, for myself and on behalf of my colleague the junior Senator from Oklahoma.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 2, after line 23, it is proposed to insert a new section, as follows:

LOANS GUARANTEED BY VETERANS' ADMINISTRATION

SEC. 4. Section 605 of the Defense Production Act of 1950 is amended by striking out the period and inserting in lieu thereof the following: "And provided further, That no more than 6-percent down payment shall be required in connection with the loan on any home guaranteed by the Veterans' Administration, pursuant to the Servicemen's Readjustment Act of 1944, as amended, and the cost of which home does not exceed \$12,000."

On page 3, lines 2 and 6, strike out "SEC. 4." and "SEC. 5." and insert in lieu thereof "Sec. 5." and "Sec. 6." respectively.

Mr. KERR. Mr. President, the purpose of this amendment is to provide that, in the future, veterans shall have an opportunity, with reference to homes costing not to exceed \$12,000, to purchase a home with a down payment of not to exceed 6 percent. A survey of the situation has been made in Oklahoma, which I believe is somewhat typical of the Nation, which shows that, in the 5 months' period ending May 1, 1951, 82 percent of all home-loan applications made to lending agencies in Oklahoma were made by veterans; and showing further that only 15 percent of the veterans applying for loans could qualify under the restrictions of regulation X. Eighty percent of the loan applications made during that period were with reference to homes selling for \$11,000 or less.

Another survey showed that the indicated need for the building of new homes pointed to a condition whereby not to exceed 20 percent as many homes would be built within the next 6 months as have been built within the past 6 months.

It is my belief that the act should be so amended that the great demand for homes in the lower-priced classification, especially the demand on the part of veterans, may be met, and met in a way consistent with the ability of the veterans to continue to be home owners.

I hope, Mr. President, that the committee will accept this amendment; if not, that it will be approved by the Senate.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. KERR. I yield for a question.

Mr. MAYBANK. I merely wish to state to the Senator that I, as chairman of the committee, could not accept the amendment. I do not want to be misunderstood by the veterans, but certain credits have been relaxed in defense areas. The substance of this amendment is that a veteran, whether he were in a defense area or in any other area, would be permitted on a \$12,000 house to put up only 6 percent and could proceed with the construction. Is that correct?

Mr. KERR. That is correct.

Mr. MAYBANK. We might get into a more critical situation and not be able to channel into the defense areas the additional material which might be needed. I am standing only on that which the committee itself decided when the bill was reported, with all due respect for and appreciation of the veterans. I am sure the Senator from Oklahoma can understand that I would be unable to accept the amendment. It would be a question for the Senate to determine.

Mr. KERR. Mr. President, in that connection, it is my conviction that, on the basis of regulation X and on the basis of the bill reported by the committee, there will be far fewer than 850,000 home units constructed this year, and that there will be a considerable decline next year. In fact, if it would make the amendment satisfactory to the chair-

man, I should be willing to include a proviso that in the event the number of homes being built is greater than 800,000 a year the Federal Reserve Board could suspend the operation of this amendatory provision.

Mr. MAYBANK. I should be glad to take such an amendment to conference.

Mr. KERR. I should be glad to have that kind of a proviso in the amendment.

Mr. MAYBANK. Let me get clear what the Senator desires, because it comes to me rather fresh, I might say. The Senator from Oklahoma is modifying his amendment to conform with the statement on the part of the Federal Reserve Board and the Housing Agency that housing could be restricted in the neighborhood of 800,000 units. The Senate voted for 50,000 housing units under the same theory. Is that correct?

Mr. KERR. My suggested modification is that, in the event my amendment is accepted and the rate of the building of home units should exceed a total of 850,000, the Federal Reserve Board would have the authority to suspend the provisions of the amendment.

Mr. MAYBANK. I can speak only for myself as chairman of the committee. I shall be willing to take the amendment as modified to conference.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. WHERRY. Does the amendment reduce the down payment of 6 percent?

Mr. KERR. Provided the purchase price of the house is less than \$12,000, and provided further, that in the event the over-all building program of home units attains and exceeds the rate of 850,000 a year, the Federal Reserve Board will be authorized to suspend the provisions of the amendment.

Mr. WHERRY. What would it include?

Mr. KERR. The total number of home units being built in the country.

Mr. WHERRY. Units of every description?

Mr. MAYBANK. Mr. President, I would say that was a recommendation of the President, on the basis of which many housing regulations have been promulgated.

Mr. WHERRY. Would that be the basis upon which the 850,000 homes would be determined?

Mr. MAYBANK. It was recommended by the President some time ago.

Mr. WHERRY. I think it should be made plain in the amendment. What 850,000 homes are referred to?

Mr. MAYBANK. The 850,000 as stated by the Federal Reserve Board, and others, because of the shortage of materials, it was felt that housing should be cut back this year. I do not have the exact order before me.

Mr. KERR. Mr. President, I shall offer perfecting language to the minority leader and to the chairman of the committee.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. KERR. I yield to the distinguished Senator from Ohio.

Mr. BRICKER. Would the total number of 850,000 include all homes being built, regardless of private houses?

Mr. KERR. That is correct.

Mr. BRICKER. Would the amendment give to the Federal Reserve Board authority to suspend the limitations of regulation X?

Mr. KERR. It would give the Federal Reserve Board authority to suspend the provisions of this amendment.

Mr. BRICKER. That is what I mean.

Mr. KERR. In the event the over-all building program exceeded the rate of 850,000 units a year. If this amendment is accepted under the conditions proposed, it would mean that so long as the rate of building housing units in the country did not exceed 850,000 a year veterans, under the provisions of the act, could purchase homes with a down payment of not more than 6 percent of the value of the home purchased, provided it did not cost over \$12,000.

Mr. BRICKER. Mr. President, will the Senator yield further?

Mr. KERR. I yield.

Mr. BRICKER. I wanted to offer one comment to clarify the amendment in its final form. Last year 1,430,000 houses were started. Because of the restrictions there was a large rush for credit at the end of the year. It was stated before the committee that the number of starts this year would reach more than a million. Before the hearings were completed representatives of financial institutions stated that the number might be less than 800,000. The question I propound to the Senator from Oklahoma is, how are we going to determine the question by depending on the monthly starts, on the total number already authorized, or by determination at the end of the year, when the computation would be practically meaningless for this year and would be applicable only to the succeeding year?

Mr. KERR. The purpose of the language I shall offer will be based on the building rate at the time.

Mr. BRICKER. It cannot be done by the day. If for any one month the rate of building falls below the proportion of 850,000 as projected over the year, then the Federal Reserve Board would have to amend regulation X.

Mr. KERR. It would have the authority to suspend the provisions of this amendment.

Mr. BRICKER. It has been suggested that the amendment should cover a period of 1 month. Would it not be well to have it cover 3 months?

Mr. KERR. I think that would be satisfactory.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. MAYBANK. In my opinion, it should be 3 months. At the present time, the question is not so much one of the scarcity of material as it is one of the scarcity of credit, particularly mortgage bankers' credit. Governor Martin testified, and, later, representatives of mortgage banks testified, and I spoke to some of them this morning,

with respect to mortgage banks being unwilling to underwrite these mortgages.

Mr. BRICKER. The fact is that the action of the Federal Reserve Board in ceasing its program of monetizing the debt has had more effect than has anything else.

Mr. MAYBANK. That is correct. It has prevented the mortgage bankers and insurance companies from taking the mortgages, because they would have to sell their Government bonds at a loss and reinvest their money in these mortgages.

Mr. BRICKER. That is correct. A further fact is that there are times of the year when the number of starts is very low. There are other times when they are very high. So a 3 months provision would more or less tend to equalization and get a proper ratio of building for the year.

The further fact must be taken into consideration, I think, in drafting the amendment, that the money which is being used by insurance companies and financial institutions on home-building mortgages at the present time is particularly low because of the fact that the regulations, or the failure of the Federal Reserve to buy bonds at par or above, has considerably contracted their available supply of money or the credit they might give. Money will be coming in from time to time on the outstanding mortgages, and there will be a replenishment of the reserve funds in the hands of the financial institutions for the purposes of buying mortgages and building new homes. So, this particular period would be a very poor time to secure any satisfactory ratio of figures. I am inclined to think that if the Senator from Oklahoma wishes in any way to aid the veterans, it might more properly be done in the housing bill which is now before the House rather than to attempt in any formula of this kind to secure immediate benefits. I am doubtful of the success of the amendment because of the various factors I have mentioned.

Mr. MAYBANK. Mr. President, as chairman of the committee I stated I would accept the amendment. The Senator from Oklahoma suggested that he would consult with the minority leader.

Mr. KERR. And with the Senator from South Carolina.

Mr. MAYBANK. And with me, yes, on the amendment. But I call attention to the fact that it is not so much a question of regulation of materials as it is the question of the mortgage money being available to get these houses started.

Mr. BRICKER. I agree with the chairman of the committee that we should accept it, and then we can ascertain the figures before it is time to go to conference.

Mr. CAPEHART. Mr. President, I do not think this is the place to take the proposed action. I am not going to object to it. I suspect I will be a member of the conference committee, and will certainly give due consideration to the subject at that time. But I hope we are not accepting the amendment on the

basis that the Senate conferees are to be bound to vote for it in conference.

Mr. MAYBANK. Of course, as to any amendment the Senate agrees to, naturally the conferees on the part of the Senate bill do the best they can to have it included in the permanent legislation.

Mr. CAPEHART. I will do that, yes, but I do not think we should find the Senate conferees after they have had a chance to study it, which certainly they have not had on the floor of the Senate.

Mr. MAYBANK. I will be perfectly frank and state to my distinguished friend from Indiana that there is much more to regulation X than might appear in an amendment. The great trouble with respect to the amount of construction under regulation X, as everyone testified before the committee, was the decline in the Government bonds. That stopped the mortgage bankers, insurance companies, and other large financial organizations from selling their bonds to reinvest in mortgages. Furthermore, it has been stated that some of the money, as the Senator from Ohio [Mr. BRICKER] has said, comes from payments made back into the fund. The real reason for the curtailment of housing is the lack of housing credit; not because of regulation X but because of the decline of Government bonds below par.

Mr. KERR. Mr. President, I do not want to prolong the discussion. I am very grateful to the chairman of the committee for his expression of willingness to accept the amendment with the inclusion of the principle to which we have agreed. But I must say that in Oklahoma the decline and the forecast of decline in building is far more due to regulation X than to other factors. I myself am convinced that money will be available for loan. I am convinced that material will be available for 850,000 housing units a year. I myself am convinced that this amendment will have a very salutary effect upon the situation of the average veteran seeking to become a home owner.

Mr. MONRONEY. Mr. President, will my colleague yield?

Mr. KERR. I yield.

Mr. MONRONEY. Is it not a fact that Mr. Wilson, the Defense Mobilizer, said that he would like to see 850,000 housing units built? Is it not also a fact that this amendment will channel such units into the field where they are most needed, which is into the low cost field, the GI housing field? Is it not a further fact that a survey made in our own State of Oklahoma shows that only 21 percent of the veterans who have bought homes in the last year under the GI program would have been able to purchase a house if they had had to pay under the terms of regulation X?

Mr. KERR. That number or less. I think the statement made by my colleague is entirely accurate with reference to the real situation about the veterans' ability to become home owners.

Mr. MAYBANK. Mr. President, I have no such knowledge as the Senators from Oklahoma have with respect to their State. Ours is a big country, containing 48 States. What I was referring to was the general testimony from

bankers throughout the country. A home builder from Oklahoma appeared before the committee, and made a favorable impression. From what he said, it appears that conditions are somewhat different in Oklahoma than they are in other sections. I was speaking, however, nationally.

Mr. CASE. Mr. President—

Mr. WHERRY. Mr. President, does the Senator from Oklahoma yield the floor?

Mr. KERR. Did the Senator from South Dakota wish to ask me a question?

Mr. CASE. Yes.

Mr. KERR. I yield to the Senator from South Dakota.

Mr. CASE. Does the Senator's amendment do anything about the materials question?

Mr. KERR. It does not.

Mr. CASE. The reason I raise that question is this: The Senator mentioned that it took both money and materials. The last paragraph of the pending bill repeals the provisions of the Independent Offices Appropriation Acts of 1946 and 1947 which established a priority for housing built for veterans second only to that required for military uses.

Mr. KERR. The amendment does not in any way affect materials any more than the other provisions of the bill do. It merely fixes the formula with reference to what may be done under regulation X.

Mr. CASE. Mr. President, it occurs to me that if the amendment is to be effective in helping veterans build houses, consideration ought to be given to the question whether or not we want to include the last paragraph in the bill, as reported by the committee, which repeals existing provisions in two independent offices appropriations acts establishing a priority for materials for veterans' housing. I invite the Senator's attention to page 15, beginning in line 15, subparagraph (j) which reads:

(j) Section 215 of the Independent Offices Appropriation Act, 1946 (59 Stat. 134), and section 213 of the Independent Offices Appropriation Act, 1947 (60 Stat. 81), are hereby repealed.

Reference to the report, on page 76, gives the language of the appropriation act paragraph which would be repealed, and which reads as follows:

In order to enable persons who have served 90 days or more in the land or naval forces during the present war, and who have satisfactorily completed their period of active military or naval service, to obtain materials required for the construction, alteration, or repair of dwelling houses to be occupied by them any department or agency of the Government, in allocating or granting priorities with respect to any materials, shall give to such persons a preference over all other users of such materials (except to the extent such materials are needed by such other users to meet actual military needs), without requiring any showing of hardship or other necessity for the construction, alteration, or repair of such dwelling houses.

Now I raise the question as to whether the amendment offered by the Senator from Oklahoma dealing solely with credits, will be effective under present conditions if that provision in the Independent Offices Appropriation Acts of

1946 and 1947 should be repealed? What would then be the situation?

Mr. KERR. I wouldn't rather have someone better informed than I answer the question. My information is that it is not pertinent to this amendment. This amendment does not propose to enlarge or decrease the power of allocation of critical materials. It only changes the formula of the law as it applies to the building of homes with whatever materials may be available. It does not add to or take from the supplies available, nor fix the formula as to what must be done in connection with the allocation of materials.

Mr. CASE. The Senator from South Dakota accepts the statement that the Senator's amendment does not go to the question of materials. But in the discussion by the Senator from Oklahoma, as well as in the discussion by the Senator from South Carolina, reference was made to materials. If we establish a priority for credits—

Mr. KERR. In that connection, I made the statement that it is my information and my opinion that under a general situation comparable to the present, there are adequate critical materials which could be available for housing, to the extent of enabling the building of 850,000 housings units a year, both with reference to 1951 and with reference to 1952. It is my opinion, however, that even though the materials were available, unless this amendment were added to the law there would be tens of thousands of veterans who could not qualify to become home owners under regulation X, because of not having the amount of money required to make the down payment. However, with this amendment they could qualify.

Mr. CASE. The Senator from South Dakota has no quarrel with that observation; but it would lessen the inflationary pressures if, along with the creation of the priority in credit, and the reduction of the requirements under regulation X, we could reestablish, or, at least, maintain, the priority of materials. Otherwise, if we release funds for the building of an additional amount of housing for veterans and provide priority in money, if there is an area of limited materials the additional funds will be competing for scarce materials.

It seems to me that it would be appropriate, in addition to adopting the amendment offered by the Senator from Oklahoma, to strike from the bill the paragraph which would repeal the materials priority. It seems to me that amendment should go along with the amendment offered by the Senator from Oklahoma.

Mr. WHERRY. Mr. President, I should like to ask the Senator from Oklahoma a question.

Mr. KERR. I yield to the Senator from Nebraska.

Mr. WHERRY. I shall be glad to cooperate with the chairman of the committee in perfecting the language so far as concerns the 850,000 housing units. I appreciate the service of the Senator from Oklahoma. I should like to ask him this question: If the housing bill which the Senate has passed does not

pass the House, where shall we be? My understanding is that nothing has been done by the other body in connection with that bill. It is still in the House, but no action has been taken.

Mr. KERR. The Senator from Oklahoma cannot answer that question. I cannot see that it is pertinent to the adoption of this amendment. This amendment will have only such significance as the act itself has.

Mr. WHERRY. That is correct.

Mr. KERR. If the House failed to do that which would change the significance of the prior law, it would change this amendment. Otherwise, I do not see that it would.

Mr. WHERRY. If by chance a resolution extending the present act were passed, of course, that would take care of the situation in some respects. Would such action affect this amendment?

Mr. KERR. I think if that were done, neither this amendment nor any other provision of the pending bill not consistent with the present act would be in effect.

Mr. WHERRY. I should like to ask the distinguished Senator if he would permit me to ask the Senator from South Carolina the same question. Does the Senator from South Carolina know the status of the bill to which I have referred?

Mr. MAYBANK. I wish I knew what its status is. All I can say is that I worked for a couple of months, with the aid of the Senator from Nebraska and the Senator from Indiana. We wrote a pretty good housing bill and sent it to the House about the 1st of April. The Senator from Utah [Mr. BENNETT] also worked very hard on it. We passed a bill including the provisions of the Wherry Act, including provisions for veterans' homes, and including provisions for what we used to call FHA title II housing. Nothing has been done, to the best of my knowledge. Sixty-million dollars was provided for facilities sorely needed in defense areas. Another \$50,000,000 was provided for public housing for extremely critical areas in New Mexico, Colorado, and Kentucky. Nothing has been done by the other body. I cannot answer why nothing has been done. It is beyond me. I do think that it is a shame that we are rapidly approaching the 1st of July, when a number of these laws are expiring. Of course, if the bill to which I refer had become a law, much of this work would be under way. I think the Senator from Oklahoma agrees with me, but I doubt if he knows why the House has not passed the bill.

Mr. WHERRY. The reason I raise the question is that I am attempting to help perfect this legislation. It was not my purpose to indicate any adverse reaction to what has been done by the House. I am not familiar with what the House has done.

Mr. MAYBANK. I do not mean to criticize the House. All I mean to say is that I do not know what the status of the bill is.

Mr. WHERRY. I do know that unless that bill is passed, we are doing a great deal of work which is unnecessary.

I invite the attention of the Senate, and particularly of my distinguished colleague and friend from South Carolina, to the fact that I believe that the title which applies to the so-called Wherry housing ought at least to be extended in a separate resolution. In the so-called Wherry Act housing is provided for those on military installations, which are being used for the defense of the country, and the construction is being done by private enterprise.

Mr. MAYBANK. I have no quarrel with the Senator from Nebraska about that title of the act. However, I believe that the FHA and other sections of the bill should also be approved by the House.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. BRICKER. Does the Senator understand that the critical housing bill, or the defense housing bill—however we may describe it—goes beyond what the Senator has just suggested, and applies to any area which might be declared to be a critical defense area? If that bill should pass the House substantially as it passed the Senate, there would be no need for the amendment of the Senator from Oklahoma in such areas, because the power exists to relax credit restrictions under regulation X in any critical defense area, which likely would encompass areas of greatest need.

Mr. MAYBANK. The Senator is correct.

Mr. WHERRY. I thank the Senator. I have had several inquiries along that very line, from so-called critical areas. I believe that, as chairman of the Committee on Banking and Currency, the distinguished Senator from South Carolina should permit the junior Senator from Nebraska to bring up a measure providing for extension of the Wherry provision before it is too late. As the Senator knows, I have been waiting to see what would happen in the House. If the House fails to act, I hope the distinguished Senator will at least permit such an extension, regardless of the other features of the bill. As the Senator knows, I have been working with him.

Mr. MAYBANK. I think the Senator will agree, as the Senator from Ohio stated, that all the features of the bill are sound and constructive, and lean toward private enterprise. I dislike to take one section out of a bill containing many sections, a bill over which the Senate labored long and hard, and finally passed in April.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. WHERRY. I yield to the Senator from Michigan.

Mr. FERGUSON. I send to the desk two amendments to the pending bill and ask that they be printed and lie on the table.

The PRESIDING OFFICER. The amendments will be printed and lie on the table.

Mr. BRICKER. Mr. President, will the Senator from Nebraska yield to me once more?

Mr. WHERRY. I yield.

Mr. BRICKER. The Wherry Act applies only to military installations and the areas surrounding them.

Mr. WHERRY. The Senator is correct.

Mr. BRICKER. It does not go as far, of course, as the critical defense area bill which we passed.

Mr. WHERRY. The Senator is correct.

Mr. BRICKER. Even if the House does not pass the housing bill, to take care of the critical defense areas, it is still essential and necessary to continue the Wherry Act.

Mr. WHERRY. Certainly. That is the point I was raising. In the event the bill which we sent to the House is not passed by the House, but is held up beyond June 30, the Wherry Act will die. Thousands of units ought to be built for soldiers and other military personnel on military installations. The military personnel ought to have the housing provided. There can be no question about that. Apparently the bill is hopelessly tied up, and for some reason or other is not being acted upon in the House. I believe there are some excellent features in the housing bill that should be saved, and enacted separately, if possible, so as not to terminate the work which has already been started.

Mr. MAYBANK. I do not recall any feature in Senate bill 349 which does not serve an excellent purpose.

Mr. WHERRY. I was referring to features which the House should save.

Mr. MAYBANK. I believe the House should save them all. Of course, we cannot make the House do it. There would also be a great many FHA loans which would be destroyed on July 1, as well as many other veterans' loans.

Mr. WHERRY. I should like to make one further observation, if I may.

The PRESIDING OFFICER. The Chair was under the impression that the Senator from Nebraska had yielded the floor.

Mr. WHERRY. That I had yielded the floor?

The PRESIDING OFFICER. Yes. The Chair was under the impression that the Senator from Nebraska had yielded the floor when the Senator from Michigan was recognized by the Chair for the purpose of submitting an amendment.

Mr. WHERRY. The Senator from Michigan asked me to yield to him for that purpose, and I did so. I am not complaining about the ruling of the Chair, because I am about ready to give up the floor, anyway.

The PRESIDING OFFICER. Under the rules of the Senate a Senator who has the floor may yield only for a question, not for any other purpose.

Mr. WHERRY. May I have unanimous consent to make an observation?

The PRESIDING OFFICER. Is there objection to the request of the Senator from Nebraska? The Chair hears none, and the Senator may proceed.

Mr. WHERRY. Of course, there are excellent features in Senate bill 349 in addition to the so-called Wherry mili-

tary-housing provision, which without doubt should be enacted into law. I was discussing the subject with several Members of the House yesterday. They said, "Are you going to let the act lapse? Are you not going to do something about it?"

I may say that last week I introduced a resolution to extend the so-called Wherry Housing Act. At the time I did so, the distinguished chairman of the committee said, "Hold it up for a while. We want the House to pass the bill." That is agreeable to me. We would like to have the House pass the bill. However, if the House fails to pass the bill, many good features in the bill would be lost. Therefore, it seems to me that we should adopt a separate resolution to the effect I have indicated.

Mr. BRICKER. Mr. President, will the Senator yield for a question?

Mr. WHERRY. I am glad to yield.

The PRESIDING OFFICER. The Senator yields for a question.

Mr. WHERRY. Provided I do not lose the floor.

The PRESIDING OFFICER. The Senator from Nebraska yields to the Senator from Ohio for a question.

Mr. BRICKER. So that the record may be clear, the Wherry Act applies essentially to military installations, does it not?

Mr. WHERRY. Yes.

Mr. BRICKER. Therefore it ought to be continued.

Mr. WHERRY. Yes.

Mr. BRICKER. The provisions continuing the Wherry Act are in the critical defense housing bill. If the House should pass the bill nothing further would have to be done.

Mr. WHERRY. That is true.

Mr. BRICKER. The Wherry Act should not be allowed to lapse, even if the House fails to act on the housing bill.

Mr. WHERRY. Yes. That is the appeal I am making to the Senate. Apparently we will wait until the last minute. As a matter of fact, I believe we have already waited until the last minute. The resolution is on the table. If the bill is not passed by the House in the next day or two I hope the Senate will adopt the resolution by unanimous consent, and also take care of any other features of the housing bill that ought to be saved. I am satisfied that the Members of the House would extend the provisions of the Wherry Act if they were taken out of the bill which we sent to the House. Otherwise, the Wherry Act would die and we would not be able to provide the thousands of units which are necessary to take care of military personnel at military installations throughout the country. The military personnel needs housing. Certainly if we are to do anything for the defense effort we must continue in effect the Wherry provision of the bill which is now before the House.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. KERR], as modified.

The amendment, as modified, was agreed to.

Mr. DOUGLAS. Mr. President, on behalf of the junior Senator from Alabama [Mr. SPARKMAN], the junior Senator from New York [Mr. LEHMAN], the junior Senator from Michigan [Mr. MOONY], the junior Senator from Connecticut [Mr. BENTON], the senior Senator from New York [Mr. IVES], the junior Senator from New Jersey [Mr. HENBRICKSON], and myself I offer an amendment to strike lines 4 to 13, inclusive, on page 2 of the pending bill, in order to eliminate section 2, the so-called anti-roll-back amendment, and to restore the base period which existed in the original act.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 2, it is proposed to strike line 4 to 13, inclusive, as follows:

LIMITATION ON ROLL-BACKS

Sec. 2. Section 402 (d) of the Defense Production Act of 1950 is amended by adding at the end thereof the following new paragraph:

"(4) After the enactment of this paragraph no ceiling price shall become effective which is below the lower of (A) the price prevailing just before the date of issuance of the regulation or order establishing such ceiling price, or (B) the price prevailing during the period January 25, 1951, to February 24, 1951, inclusive."

Mr. CASE. Mr. President, will the Senator from Illinois yield so that I may ask a question of the Senator from Ohio [Mr. BRICKER], who tells me he can answer the question I raised with respect to the amendment which has just been disposed of?

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CASE. I should like to inquire of the distinguished Senator from Ohio whether he believes the rights to materials in hardship cases among veterans who seek to build houses will be protected even though we permit the repeal of the provision in the Independent Offices Appropriation Act to prevail, as reported by the committee?

Mr. BRICKER. In reply to the Senator from South Dakota, I may say it is my judgment, and the judgment of the committee, that the provision referred to in no way affects the hardship cases of veterans which are covered in any veteran or GI bill. It applies only to priority without the showing of hardship in the securing of materials. Therefore, if the Kerr amendment should be agreed to in conference the Senator from Ohio believes materials will be available.

Mr. CASE. The hardship rights would still apply to all veterans?

Mr. BRICKER. I am confident of it.

Mr. CASE. I thank the Senator from Ohio and the Senator from Illinois.

Mr. DOUGLAS. Section 2, which has been written into the bill by the committee, is the most severely weakening amendment in the present bill which the committee has recommended. If the present act were continued the Price Administrator would have the power to roll back prices, if the advance were appreciably greater than the increase in costs, to the relationship that existed

during the month preceding the attack on Korea.

In other words, it would be possible, under the existing law, not merely to have the present 10 percent roll-back on beef cattle, but two additional 4½ percent roll-backs on beef, amounting to a total of 19 percent for all three roll-backs, which would still leave beef cattle at 25 percent above the parity price prevailing between 1909 and 1914.

It is well known that the Price Administrator on the 2d of July was to roll back the prices of a variety of manufactured goods and building materials to a very appreciable figure. He was going to roll back—and had so announced his intention—the price of a wide variety of building materials on which the increases had been appreciably greater than the rise in the materials out of which they had been fabricated, or in wages. In other words, the roll-back was to be made in cases in which the price increase has been very much above the increase in costs, and in which, therefore, the profit margin is high.

The amendment which the committee wrote into the bill has sometimes been referred to as the "beef amendment." The purpose of the amendment is said to be to protect beef from an additional 9 percent reduction.

Mr. BRICKER. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. O'Connor in the chair). Does the Senator from Illinois yield to the Senator from Ohio?

Mr. DOUGLAS. No, Mr. President; I would prefer to conclude my argument, and then to yield, rather than to yield now. I hope the Senator from Ohio will excuse me for the moment.

Mr. BRICKER. Very well.

Mr. DOUGLAS. Mr. President, I think the term "beef," in regard to the insertion of section 2, is a misnomer. I would call it the Trojan steer amendment. [Laughter.]

We are familiar with the Trojan horse, which was a device used by the Greeks to get inside the city of Troy. They did so by concealing themselves inside a horse. This section is concealed inside a steer; and the committee amendment will permit and perhaps necessitate tremendous increases in prices, and will prevent roll-backs which otherwise would have occurred, effective the 2d of July, in the case of the general manufacturers' regulation—CPR 22—and on succeeding dates in the case of special industry regulations, such as those for apparel, shoes, and the like. If section 2, as proposed by the committee, is adopted, those roll-backs will be canceled. It will also be impossible to roll back the prices of building materials or the prices of manufactured goods generally.

In the additional views of five committee members, on page 33 of the committee report, we find a partial list of the commodities upon which the roll-backs were to have occurred. They would have amounted to a total of \$1,500,000,000 in the case of building materials alone.

Mr. CAPEHART. Mr. President, will the Senator state again the page to which he has referred?

Mr. DOUGLAS. Yes; it is page 33 of the committee report in the additional views which are signed by five members of the committee.

As I was saying, the gross roll-backs in the case of building materials alone would have amounted to \$1,500,000,000.

Mr. MAYBANK. Mr. President, I understand that the Senator from Illinois does not wish to yield until he concludes.

Mr. DOUGLAS. Yes; I prefer not to yield until I conclude.

Although the gross roll-backs on building materials alone would amount to \$1,500,000,000, yet the Office of Price Stabilization would permit price advances of approximately \$500,000,000, so that the net amount of the roll-backs would be approximately \$1,000,000,000 annually.

As I have said, the roll-back in the case of building materials would amount to \$1,000,000,000 net; in the case of chemicals, \$300,000,000; cutting tools, \$25,000,000; electrical equipment, \$55,000,000; and the possible roll-back in the case of rubber, \$150,000,000.

In all, if we consider the roll-backs which go into effect if section 2 does not become effective, the total savings to the American purchasers would amount to several billion dollars; and as the goods moved on to the consumers there would be still greater savings.

So, Mr. President, the beef issue has been pushed forward to conceal what the real issue is, although, of course, I do not mean that this has been done intentionally. Nevertheless, the effect has been the same. If section 2 as it is now phrased is permitted to become law, we shall prevent potential savings of many billions of dollars to the American consumers. I make a rough estimate that probably at least \$5,000,000,000 of roll-backs will be prevented by this section if it is enacted into law.

Therefore, the Senators who sponsor the amendment to strike section 2 wish to have us return, at least in the beginning, to the present provisions which will permit roll-backs to achieve the price relationships existing prior to the attack upon Korea.

Certainly I am not authorized to speak for any of those who are associated with me in regard to the amendment. However, so far as I personally am concerned, I should like to say that we can make an individual adjustment in the case of beef itself. That can be considered by means of separate amendments which can be applied to the base period, so that if any particular hardships are suffered by the producers of beef, that situation can be taken into account.

For example, it might be possible for us to work out a compromise, if the cost increases seem to warrant it, by means of which the second roll-back would be permitted, but the third roll-back of 4½ percent would be canceled. I want to make it clear that this is not a firm offer, a prejudgment of what is equitable in the case of beef cattle, but it is a tentative suggestion.

However, I urge my good friends who come from the beef-producing States not to let themselves be used, in effect, as cat's-paws to rake the chestnuts out of the fire for the big manufacturers and monopolists who have enjoyed speculative gains since the attack on Korea.

Mr. President, I have great respect for the beef industry of the prairie and plains States. However, we wish to recognize what the real stakes—spelled s-t-a-k-e-s—in this matter are. The real stakes are the price decreases which we otherwise would be able to put into effect if section 2 were eliminated and the present law allowed to stand.

I think it will also be found that this section, approved by the committee, would not permit prices to be decreased in cases in which the increases in prices have been far greater than the increases in costs, but the amendment would permit prices to be increased in cases where the price increases have been less than the increases in cost. In other words, the amendment would work only one way, namely, upward. It would not work both upward and downward.

So, Mr. President, I think this is the most important single question before the Senate in connection with this bill. I am sure it will be discussed in the course of later addresses made on the floor of the Senate during the debate; but I wish to raise the issue at this early stage so as to indicate that some of us think very strongly that this provision is a mistake.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield to my good friend the Senator from South Carolina.

Mr. MAYBANK. The Senator from Illinois said the beef amendment was pushed forward, if I correctly understood him.

Mr. DOUGLAS. I said it was known as the beef amendment.

Mr. MAYBANK. I addressed the Senate earlier today. Was the Senator from Illinois in the Chamber at that time?

Mr. DOUGLAS. I regret that I was not present then.

Mr. MAYBANK. Was the Senator from Illinois present at the hearings, which went on continuously for 6 weeks?

Mr. DOUGLAS. I was present at as many of the hearings as I was able to attend.

Mr. MAYBANK. I wish to say that the Senator is utterly mistaken if he thinks I had anything to do with this matter.

The Senator has referred to a so-called Trojan horse in regard to roll-backs. I wish to say that I had nothing to do with that, for the first I knew about anything in regard to roll-backs was after we included in the bill a provision that the Administrator could not make roll-backs; and Mr. DiSalle himself said they did not intend to make any roll-backs, except in two cases. However, after the amendment was drawn by the legislative counsel, at my request, and was approved by the committee members who were present, the next morning Mr. DiSalle said, to my utter amazement, he had intended to roll back all these prices as of the 2d of July.

Mr. President, I have been in the Senate a long time, and I hope to remain here a few years more; but I have never known an administrator to act in that way. Does he think the Members of the Senate would give to him, Mr. DiSalle, the unrestrained power to roll back prices to the May-June 1950 level?

To the best of my knowledge, during the testimony, not a word was said to the effect that he intended to roll-back any prices. However, now it seems that he thought Congress would give him the authority to roll back to June 1950 the prices of all manufactured articles and the prices of the products of all other businesses and industries in the United States.

It is claimed that \$5,000,000,000 will be saved in that way. However, the momentary saving made by means of the roll-backs will be canceled because of the decreased tax revenues, for the roll-backs will mean that less revenue will be obtained from the corporations.

Of course, the consumers think they will get something cheap, but the poor persons will be taxed to make up the deficit which will accrue to the Treasury because the roll-backs will decrease the corporations' profits, and thus there will be a decrease in the tax revenues.

I am glad the Senator has brought out this point because, as I said earlier today, the effort which is made in connection with this matter does not fool me. I believe—although I hope I am mistaken—that the intention was to wait until Congress passed the bill on June 30 or July 1, and then roll back the prices on July 2.

The Senator was present when I drew up the amendment, and my purpose in doing so was to save the American way of life and the American Government, not to permit an administrator in Washington to decide what would be the prices for textiles, cotton goods, steel, aluminum, copper, and other commodities 6 or 8 months from now.

Mention is made of the price of rubber and of the price of tin. Mr. President, the United States Government itself caused the increases in those prices. Now one of the Government's administrators would roll back the prices which the Government itself increased.

Mr. SCHOEPPEL. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield to the Senator from Kansas. They never fool me. I am not interested in beef. I am interested in the American system of Government.

Mr. SCHOEPPEL. In what the distinguished Senator has said as chairman of the committee, I thoroughly agree with him. That is the attitude, and that is the perspective with which we are approaching this feature of the bill.

Mr. MAYBANK. I have no intention, as the representative of a sovereign State in this body, to extend the law in a manner which would leave to an administrator appointed by the President of the United States the power to roll back the price of every manufactured article or commodity, under the section regulating prices of agricultural commodities, to the price of May or June 1950. If I did

that, I would feel that I ought to resign tomorrow morning from the Senate.

Mr. THYE. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield to the Senator from Minnesota.

Mr. THYE. Mr. President, it was brought out in one of the hearings conducted by the Committee on Small Business, when we were considering the question of rubber, that the United States Government agreed with Great Britain and other countries that the production of synthetic rubber in the United States would be curtailed or reduced, and, by that curtailment, there came about a shortage of rubber which, month by month, forced an increase in the price of natural rubber. It was our own State Department which had much to do with that increase in the price of natural rubber.

Mr. MAYBANK. Of course, the Government did it.

Mr. DOUGLAS. Mr. President, I merely want to make one or two further points by way of clarification. I think it was not the intention of the Administrator to roll prices all the way back to June 1950—

Mr. MAYBANK. But the old law would give him that power.

Mr. DOUGLAS. May I finish? His intention was not to roll the level of prices back to the pre-Korea level, regardless of cost increases. As a matter of fact, the law forbids him to disregard cost increases. His intent was to restore the relationships between prices that existed during the last normal month we had, namely, June 1950. In the case of those commodities where the prices had increased very much more than the costs, and where profit margins had thereby widened very greatly, his intention was to reduce those prices and at the same time to increase the prices of those commodities where the prices had not increased commensurately with the increase in the costs. On the whole, there would have been a net reduction in total price, hence a saving to the consumer, hence a saving, on the whole, to the low-income groups of the population; and hence, I believe, an improvement in general welfare.

I want to say to my good friend from South Carolina—and he knows this since I have publicly stated it—that I think he is one of the most valuable Members of this body; he is a devoted public servant, and I mean every word of that. I have paid tribute to him before and I shall pay tribute to him now. I want to say I think he did a magnificent job in connection with this bill. I happen to believe that this section constitutes a serious weakening of the act, and I therefore hope it will be eliminated; but this does not lessen my very real respect for the Senator from South Carolina, nor, I may say, does any other feature of the committee bill. As a matter of fact—

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. DOUGLAS. I should like to finish before yielding. Is it not true that the Price Administrator issued his General Manufacturers' Regulation, CPR 22, on April 25, to take effect on May 28, and

that he postponed the effective date of this order until July 2 so as to give manufacturers more time in which to adapt themselves to it, to make the necessary reports, and in order to get more information?

The effect of section 2 will be that all the manufacturers' regulations will never become effective. The insertion of section 2 and the cancellation of the price decreases which the Price Administrator ordered will, therefore, penalize the consumers and penalize the Office of Price Stabilization for the leniency which they showed to American business. I think those are really the points at issue.

Mr. MAYBANK. I may only say to the Senator that the Office of Price Stabilization has had since January 25 in which to roll prices back. They have still a few days in which to roll them back. They have not rolled them back. I would not place myself in a position of leaving the matter open.

I am not here to say unkind words about Mr. DiSalle. I know the trouble he has had. I know the troubles he is going to have. I know he did not come here until December, after the law had been passed in September; but I would never be willing to leave such a law on the statute books; and the Senator from Illinois will not differ with me when I say that, if we leave the law as it is, he can roll back prices to May or June 1950. That is correct, is it not? He would have that authority, would he not?

Mr. DOUGLAS. Well, to restore the pre-Korea price relationships.

Mr. MAYBANK. No.

Mr. DOUGLAS. Restore the relationship between prices, so that no one will be squeezed; that is the point.

Mr. MAYBANK. How is it possible to restore the relationship without rolling the prices back?

Mr. DOUGLAS. They can be rolled back, practically, but he does not have to—

Mr. MAYBANK. "But he does not have to." I did not say he had to, but he can.

Mr. DOUGLAS. I am sure that was not intended, and the law requires Mr. DiSalle to make allowances for cost increases.

Mr. MAYBANK. I do not suggest that it was the intent; but he could roll them back, and how do I know who is going to be in charge of it next month, or month after next, or in January? I simply do not think that the Congress ought to leave with some administrator the power under the law to roll-back prices to May or June of last year. That is my sole contention. I am not arguing that some prices are not too high—of course, they are too high.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield for a question.

Mr. CAPEHART. What makes it necessary to roll-back any prices?

Mr. DOUGLAS. Because certain prices have advanced much more rapidly than the costs of the ingredient labor and materials factors, and therefore very large profit margins have accumulated. The cause of these greater increases, in part, has been speculative

advances, and the anticipation of price controls. I think in some cases there have been shortages, where the owners have reaped a sort of windfall profit, and in other cases I believe it has been because of monopoly control, where there has not been full competition, and where, with a limited number of firms, it has been possible to boost prices without the restraining effects of competition.

Mr. CAPEHART. Mr. President, will the Senator yield for another question?

Mr. DOUGLAS. I yield for a question. Mr. CAPEHART. Why did the Government permit this sort of thing to be done?

Mr. DOUGLAS. The Senator means, does he not, why did we not put price control into effect last year?

Mr. CAPEHART. The Congress passed the price-control bill in October. Why has the administration permitted prices to rise to the point where it is now thought to be necessary to roll back the prices? Why was that permitted? I think if we can get the answer to that question we may be able to throw some light on this whole situation.

Mr. DOUGLAS. If I may reply to the Senator's suggestion, I may say that I am not regarded as an official spokesman for this administration, nor as a warm and ardent defender of all its actions. But, as I listened to the speech of my very able colleague, the Senator from New York, with the conclusion of which I agreed, he also made the same imputation, namely, that the administration has been very slow and that it had been criminally negligent in not applying controls at an earlier date.

I may point out that the job of Price Stabilizer was offered to 25 different persons before the services of Mr. DiSalle were finally secured; and that of necessity, created a long period of delay. People who come to Washington and who are exposed to the public attacks to which we Members of the Congress sometimes subject them are reluctant to put their heads into the lion's mouth. The President had to request the services of 25 men before he was finally able to secure the services of Mr. DiSalle; and I may say that I do not think Mr. DiSalle is on the twenty-sixth team, either. I think he is worthy of being on the first team. But that, of necessity, created a delay.

The second reason for the delay was that the initial Economic Stabilizer, Mr. Valentine, who is an extremely fine man, a very able man, and a very high-minded man, who happens to be a Republican from New York—did not believe in controls and did not believe in imposing price controls, but wanted everything to be done on a voluntary basis; so that this also took up the time until about December, and finally the present team went in, and the first move was to freeze prices as of the period December 19 to January 25. But this freeze was merely preparatory to an ultimate readjustment in which certain prices would be raised, others would be reduced, and prices could then be stabilized at levels which would yield average returns.

Mr. CAPEHART. Mr. President, will the Senator yield for another question?

Mr. DOUGLAS. I yield.

Mr. CAPEHART. The able Senator said they froze prices on January 25 in order to stabilize them.

Mr. DOUGLAS. As the first step toward stabilization.

Mr. CAPEHART. That was 5 months ago. If they failed to roll prices back, or to hold prices, during the past 5 months, and permitted them to go up, as they have, that has literally cost the American people several billion dollars, has it not?

Mr. DOUGLAS. I may say that I am not trying to score political advantage for my party or for the administration, or to lay the blame upon any other group—

Mr. CAPEHART. I noticed that the Senator referred to someone as being a Republican.

Mr. DOUGLAS. That was an offensive-defense tactic so to speak. I simply threw that in to indicate that the delay to which the Senator was referring was not entirely Democratic in origin. I am not trying to apportion political blame for the past, but I am interested in protecting the consumers in the future. As a matter of fact, as sponsors of this amendment to strike out section 2, there are two members of the party on the other side of the aisle. I hope their numbers will increase overnight. There is still room for any Senator who wants to sign the amendment to add his name to it. We shall be very grateful for the help of the Senator from Indiana if he wishes at this late date to reduce prices and roll prices back. May I add his name to the amendment?

Mr. CAPEHART. Mr. President, I think this is too serious a question to make light of, because this is the United States Senate, and not a vaudeville theater. I should like to ask the able Senator, who is a member of the committee, this question: Why, when Mr. DiSalle came before our committee as a witness, did he not say that he wanted to roll back prices, or that prices should be rolled back to the tune of a few million dollars, as the able Senator pointed out on the floor? There is nothing in the hearings as to that, and we asked many forthright questions with respect to roll-backs. The only roll-backs he mentioned were those on hides, steel scrap, tallow, and several other products. I asked him the question:

You mean minor things?

Not minor things. They are not minor at all. Steel scrap certainly is not minor.

At no place did he indicate that he was going to roll back prices to the extent of millions of dollars, as the able Senator from Illinois stated a moment ago. Why can we not have on the part of the Administrator when he comes before the committee some frankness with respect to roll-backs? When did he come to the conclusion—he had 5 months in which to do it—that it was going to be necessary to roll back numerous items to the extent of millions of dollars?

Mr. DOUGLAS. If my good friend from Indiana will look at page 629 of the hearings, the testimony of Mr. DiSalle, which was early in the hearings, in the fourth paragraph from the bottom of the page—

Mr. CAPEHART. Is that part 1 of the hearings, may I ask?

Mr. DOUGLAS. It is the testimony of Mr. DiSalle in part 1, page 629, on May 15.

Mr. CAPEHART. In the volume which I have before me, that page is headed "Chapter II. OPS Actions Since the Freeze."

Mr. DOUGLAS. That is correct. If the Senator will direct his attention to the fourth paragraph from the bottom of the page, in the middle of that paragraph he will see the following language:

In the general manufacturers' regulation (CPR 22) the OPS took a large block of commodities out of the GCPR under a formula designed to bring prices and production costs into a more normal balance. This is an interim measure pending the writing of regulations for particular industries.

Some commodities were stabilized in December by a series of voluntary understandings between the producers and the Government. These arrangements, unlike the voluntary standards of December 19, set forth specific prices. These commodities included such basic materials as steel, copper, lead, zinc, rayon, and sulfur. These specific prices were generally maintained and as a consequence there have not arisen such distortions and inequities as characterize the prices of most goods under the GCPR.

Then he describes, in the succeeding paragraph, how, since January 26, they have been dealing with future relationships, such as general merchandise at retail. He states that they began work early on a regulation for retailers of most consumer goods, other than food, to be issued as promptly as possible following the freeze.

I particularly want to invite the attention of the Senator from Indiana to page 630 where Mr. DiSalle goes on to say:

(3) Manufacturers' regulations: The general manufacturers' regulation (CPR 22), issued April 25, 1951, sets the pattern of OPS ceilings at the manufacturers' level during the interim period following the general freeze.

The basic formula of the regulation is simply pre-Korea prices, plus increases in costs of factory labor and manufacturing materials up to certain cut-off dates. The manufacturer has the option of selecting any quarter in the year preceding the Korean outbreak. The cut-off date for labor costs and for costs of materials generally classifiable as raw materials is March 15, 1951. For materials which are themselves manufactured materials priced under the regulation, the cut-off date is December 31, 1950.

This regulation has the effect of correcting many of the inequalities frozen into ceilings by the GCPR. It restores more normal price-cost relationships by achieving roll-backs where prices have outpaced costs since Korea and permitting increases where the GCPR resulted in squeezes. It establishes a pricing method which does not favor those who ignored the voluntary appeal of December 1950 and does not penalize those who cooperated.

From this I would say that we should have known what the Office of Price Stabilization was thinking and doing when they gave notice not only to us but to the general public, and certainly to manufacturers and retailers, as to what their policy was going to be. The order of April 25, was to have gone into effect on May 28. It was canceled in order to give manufacturers more time

to file reports and to submit a more careful study of the situation which this regulation deals with. It seems to me that Mr. DiSalle, far from being subject to criticism, deserves a great deal of credit for the patience with which he has acted in the matter. I do not see where he deceived or tried to deceive, either the committee or the country.

The effect of section 2 as it is now drawn is to eliminate all these roll-backs and to legitimize increases which might otherwise occur, and, in effect, to take billions of dollars out of the pockets of American consumers. I believe, on the record, Mr. DiSalle should not be attacked.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. DOUGLAS. I shall be glad to yield.

Mr. MAYBANK. The only thing I do not understand is why Mr. DiSalle did not freeze prices then. I am not criticizing Mr. DiSalle. I know the problem he is up against. The thought I have is that we did not have this section in the law and if we pass the bill without section 2, it gives a Government employee—it might be Mr. DiSalle or it might be someone else next month, or in January—the right to roll back prices to the level of May-June 1950. I do not say the Administrator will use that authority. I do not know who may succeed him, but, nevertheless, the Congress has passed a law giving him that authority. That is the reason for the amendment to the law.

Mr. DOUGLAS. I should like to say again to the Senator from South Carolina that it is not that Mr. DiSalle will roll prices back to the pre-Korea price level, but to the relationship which then prevailed.

Mr. MAYBANK. Does the Senator know or does Mr. DiSalle know what relationship prevails in tobacco?

Mr. DOUGLAS. I think that from the record of hourly wage rates of labor and the prices of raw tobacco in relation to the prices of cigarettes and cigars it can be worked out.

Mr. MAYBANK. If that can be worked out it will be the first one we ever could work out.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. DOUGLAS. I am glad to yield to the Senator from Nebraska.

Mr. WHERRY. I was not present when the Senator submitted his amendment. He may have made an explanation as to the effect of the amendment on beef.

Mr. DOUGLAS. I referred to the beef feature of the amendment as a Trojan steer.

Mr. WHERRY. There are other animals besides steers that are rolled back when beef is rolled back.

Mr. DOUGLAS. I shall not be "cowed" by that remark.

Mr. WHERRY. Being a cowman I should like to say to the Senator from Illinois that I am interested in the force and effect of the amendment, so far as meat is concerned. If I understand the amendment correctly, what the Senator

from Illinois proposes to do is to strike out the prohibition with respect to further roll-backs. Therefore roll-backs on all items would be effective if the Stabilizer so determines. That would include meat. If I understand the amendment correctly—and I am asking for information—if Mr. DiSalle decided to impose the second and third roll-backs on meat, the amendment would permit the Stabilizer to do so, would it not?

Mr. DOUGLAS. Taken by itself it would. So I also sent up a dove of peace applying to the cattle country.

Mr. WHERRY. That is the thing in which I am interested.

Mr. DOUGLAS. I stated that beef should be treated separately, and that if our amendment eliminating section 2 is accepted by the representatives of the cattle interests or the cattle States, it may be possible to work out some arrangement which would soften the impact of the future beef roll-back.

Mr. WHERRY. Would the distinguished Senator be willing to have that considered now?

Mr. DOUGLAS. I think it might be better to have it considered tomorrow. Then we would have the evening and tomorrow morning for adjustment and compromise.

Mr. WHERRY. The Senator means, then, that after the prohibition has been eliminated he would be willing to discuss the matter of exempting meat?

Mr. DOUGLAS. I would not only be willing to talk about it, but I think we might be willing to consider amendments which might possibly, let us say, eliminate the third roll-back, but hold the second.

Mr. WHERRY. Would the Senator consider making that modification in his amendment, even though it would be tomorrow?

Mr. DOUGLAS. I should like to know how much support for the amendment which we have proposed such a concession would attain. I do not want to buy a pig in the poke, so to speak.

Mr. WHERRY. We are talking about beef and not pigs, now.

Mr. DOUGLAS. They are both forms of meat.

Mr. WHERRY. That is true, but at the present time pigs are not involved. Beef is what we are considering. The Senator comes from a State which feeds a great deal of cattle.

Mr. DOUGLAS. That is true.

Mr. WHERRY. And the cattle feeders of Illinois are interested in knowing whether, as they make their replacements, there will be a second or third roll-back.

Mr. DOUGLAS. Mr. President, I have no power to commit my fellow sponsors of the amendment, but personally I believe that perhaps some of them would be willing to sit down with representatives of the cattle States, and if they would support the amendment permitting us to get roll-backs on manufactured goods, possibly we could make concessions on the beef situation. But it is well not to do this trading or adjusting of differences on the floor of the Senate.

Mr. WHERRY. Mr. President, will the Senator yield for another question?

Mr. MAYBANK. Mr. President—

Mr. WHERRY. Let me finish, please.

Mr. MAYBANK. I may say, in connection with the statement made by the Senator from Illinois, that it is well not to do such trading on the floor of the Senate, and I do not believe such trading is going to be done.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. WHERRY. Mr. President, I have asked the Senator if he would not yield for another question.

Mr. DOUGLAS. I yield to the Senator from Nebraska.

Mr. WHERRY. I was not suggesting that there be such a trade. I do not know anything about such trading, either in mules or pigs. There has already been one roll-back on meat. I am serious about this subject, as the Senator from Illinois well knows. If I understand the Senator from Illinois correctly, he would rather amend the amendment so as to permit roll-backs on other items, and then talk about meat. My feeling is that inasmuch as there has already been one roll-back on meat, then if there is to be interest in the amendment, so far as those who come from the meat-producing areas are concerned, they would like to know what is in the Senator's mind and what he intends to propose in the event his amendment is adopted, so far as meat is concerned.

Mr. DOUGLAS. I have always wanted to have the company of the distinguished Senator from Nebraska at dinner, and I now shall be very glad to invite him to have dinner with me, and we can have a very charming conversation on this and other matters.

Mr. WHERRY. One more question; is the Senator going to serve beef?

Mr. DOUGLAS. Yes; I shall be delighted to do so.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield to my good friend from New York.

Mr. LEHMAN. I doubt very much whether I would agree to any provision which would make it impossible to roll back the prices of beef.

Mr. DOUGLAS. I was not proposing that. I said we might possibly reach an agreement by which we would get a second roll-back, if not a third, and I would only be willing to do that if we could get a roll-back on manufactured goods, but that we should not consider that question on the floor of the Senate.

Mr. LEHMAN. I feel very strongly about the price of beef. Is it not a fact that if the price of meat or any other agricultural products should be reduced, the farmer would not be seriously hurt provided authority were given to roll back manufactured articles which are entirely out of line.

Mr. DOUGLAS. That is correct.

Mr. LEHMAN. Today the farmer is buying at inflated prices the clothing for his family; his shoes, his jute bags, his fencing material, the thousand and one things which go into the economy of a farm. If the prices of the things he must buy can be reduced, the farmer will

not be hurt, but rather be benefited, even though he may have to make some sacrifices in the prices of his products.

Mr. DOUGLAS. I think the Senator from New York has put his finger on a very important point in the problem, namely, that the farmer is a consumer as well as a producer, and that the roll-backs will help him as a consumer. The Senator from New York mentioned burlap bags. I have here a memorandum prepared by the Office of Price Stabilization which shows that they have in process a regulation which would reduce the price of used burlap bags by 12½ percent. This could not be done if roll-backs are prevented as they are now prevented by section 2. Similarly there is a provision in the stocks for OPS to roll back the price of shoes, but this would be prohibited by section 2. There are price reductions in the price of rubber, of which the farmer is a consumer, and which therefore would help him as a consumer.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. MAYBANK. I should like to recur to the question of rubber. The United States Government can put the price up or down. I want to say to the Senator from Illinois, for whom I have the greatest respect, and with whom I enjoy association in the committee—

Mr. DOUGLAS. The Senator could not enjoy that association more than I do association with the chairman of the committee.

Mr. MAYBANK. The Senator referred to burlap. Burlap comes from India. The State Department—I do not want to bring the State Department into the argument unnecessarily—but so far as burlap is concerned we have had a terrible time getting it into this country. Attempt is being made to roll back the price of something which comes from India. I am glad that when the Senate passed the Indian grain loan measure, discussion was had respecting the things the United States needed from India.

Mr. President, every time we hear about a commodity the price of which is going to be rolled back or controlled we hear about something—an article the price of which already has been controlled, such as tin or rubber. Now burlap has been brought into the discussion. Burlap is used in a few mills in the South. Most of it is used to make bags to contain rice and some other agricultural products.

Mr. MOODY. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. MOODY. Is it not also true that the farmer may be penalized by section 2? If there is a sharp recession in the price of some farm product, as the section is now worded, could not a freeze be put on that price at a level perhaps far below a fair price? I do not mean to imply that the Administrator would do that. I merely say that as the section now is written that could happen, and would penalize the farmer very sharply.

Mr. DOUGLAS. That would be possible, because section 2 as now written provides as follows:

(4) After the enactment of this paragraph no ceiling price shall become effective which is below the lower of (A) the price prevailing just before the date of issuance of the regulation or order establishing such ceiling price, or (B) the price prevailing during the period January 25, 1951, to February 24, 1951, inclusive.

In other words, what this amendment does is to provide that the farmer may lose and that the consumer must lose. In a sense, it is a "heads I win, tails you lose" proposition. It denies to the consumer the possibility of roll-backs in manufactured goods, but permits such reductions in the case of a farmer suffering a fall in the prices of farm products should that occur. If Senators have been reading the ticker tape this afternoon from the Associated and United Press services, they will find that grains broke 6 cents a bushel on the Chicago Board of Trade today, and would have fallen more than that were it not for the fact that the price movement is limited to 6 cents a bushel in any one day.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. MILLIKIN. Am I correct in my understanding that under the law as it now is prices may be rolled back to a certain date without restriction as to fields? What is the date?

Mr. DOUGLAS. The basis for comparison is to be the month prior to the attack upon Korea; but I have been emphasizing again and again that the idea is to maintain the relationship which existed at that time, and not the absolute level of prices.

Mr. MILLIKIN. What does the law provide as to the right to roll back prices?

Mr. DOUGLAS. I believe the law provides that the administrative authority shall give due consideration to the prices then prevailing and requires him to make allowances for post-Korea cost increases.

Mr. MILLIKIN. Is there any restriction at the present time on the Administrator to prevent him from rolling back the price of any commodity to that period of time in such degree as he shall see fit?

Mr. DOUGLAS. Let me read the section in question.

Mr. MILLIKIN. I should like to hear it.

Mr. DOUGLAS. It is section 402 (c), on page 9, of the act, as separately reprinted. It reads as follows:

(c) So far as practicable, in exercising the authority conferred in this section, the President shall ascertain and give due consideration to comparable prices, rentals, commissions, margins, rates, fees, charges, and allowances, and to comparable salaries, wages, or other compensation, which he finds to be representative of those prevailing during the period from May 24, 1950, to June 24, 1950, inclusive, or, in case none prevailed during this period or if those prevailing during this period were not generally representative because of abnormal or seasonal market conditions or other cause, then those prevailing on the nearest date on which, in the judgment of the President, they are generally representative.

Mr. MILLIKIN. Does that mean generally representative industry by industry, or commodity by commodity, or all the way across the board?

Mr. DOUGLAS. The standards which I have been reading are for general commodities, other than agricultural commodities. The agricultural standards are set forth in paragraph (d) (3), on page 10.

Mr. MILLIKIN. I am not speaking of agricultural standards now. In the field outside the agricultural standards, when the Senator is referring to relative prices and relative values, does that mean on the basis of commodity by commodity?

Mr. DOUGLAS. If the relationship was normal in the months preceding Korea, that relationship will be reestablished, so far as possible; and where price increases have been in excess of the increase in costs, and, therefore, where profit margins have greatly expanded, in such cases the roll-back will apply.

Mr. MILLIKIN. Let me return to my original question. I am not now speaking about the agricultural field. Outside the field of agriculture, is there any prohibition against the administration, rolling back the price of any commodity to a particular date?

Mr. DOUGLAS. It could not do so without a consideration of the movement of the price in question—let us say the price of shoes in relationship to the price of hides, and so forth.

Mr. MILLIKIN. Assume that to be correct, without admitting it. That would simply enter into the general administrative judgment or discretion of the Administrator.

Mr. DOUGLAS. Let me put it this way. I think it is quite obvious from the wording of the act that if general prices have increased by 17 percent, and the price of a particular product has increased by only 5 percent, it would not be within the law to decrease the price of that product by 5 percent, so that its absolute level would be decreased to the pre-Korea price, despite cost increases and despite all other prices. It could not be put back to the price in June, when other prices, on the average, had gone upward 17 percent.

It is necessary to consider a given price in relationship to the movement of other prices, and, in particular, the relationship of the prices of the commodities out of which a particular commodity is fabricated.

Mr. MILLIKIN. Quite obviously all this process of ratiocination which the Senator has indulged in is within the field of discretion of the Administrator. Is not that correct?

Mr. DOUGLAS. I think it is within the confines of the law. It is within the mandate laid down by the law.

Mr. MILLIKIN. The law does not operate automatically, does it?

Mr. DOUGLAS. I know of no law which can guarantee wisdom to administrators; but we presume that laws are administered by persons of average intelligence. I will say that in the case of Mr. DiSalle I think we have someone

who is of greater than average intelligence.

Mr. MILLIKIN. Let us assume it for the purpose of discussion.

Reverting, now, to my question, the law does not administer itself.

Mr. DOUGLAS. No; but the courts—

Mr. MILLIKIN. Wait a moment. If the Senator is going to yield to me, let me ask my question.

Mr. DOUGLAS. Very well.

Mr. MILLIKIN. The law does not automatically administer itself. Therefore someone must administer it. The law provides who shall administer it; and what we are talking about is within the discretion of the Administrator; is it not?

Mr. DOUGLAS. No.

Mr. MILLIKIN. In the judgment of the Senator or in my judgment the Administrator may be exceeding what we think is the proper interpretation of the law. But that, of course, is no impediment if it is within his general field of discretion. Is that correct?

Mr. DOUGLAS. Let me say to my good friend from Colorado that he is one of the most eminent lawyers in this body—

Mr. MILLIKIN. The Senator said earlier that he did not want to be cowed. Mr. DOUGLAS. Or bullied. [Laughter.]

Mr. MILLIKIN. I want to be steered correctly, and I do not want to be bullied. [Laughter.]

Mr. DOUGLAS. Neither do I.

Let me say to my good friend from Colorado, who is one of the most eminent attorneys in this body, that I should like to remind him publicly of something of which I am sure he is perfectly aware. Courts frequently interpret administrative regulations to see whether they go beyond the confines of the powers laid down in the appropriate law. If any administrator were to be foolish enough to roll back to June 1950 levels the price of one commodity which had advanced only slightly, while other prices, which had advanced greatly, were allowed to go scot free, I think there is no doubt that any such ruling would be suspended by the courts.

Mr. MILLIKIN. It would depend upon the ruling, and upon all the facts which the Administrator had weighed. I remind the distinguished Senator that the courts are very loath to upset exercises of administrative discretion.

I do not ask the Senator to accept the word which I use, but suppose that the present looseness of the law should be tightened by providing that in the case of a roll-back outside the field of agriculture adjustments should be made for increases or decreases in costs subsequent to the date to which the price is rolled back.

Mr. DOUGLAS. Does the Senator ask whether adjustments should be made for increases or decreases in costs?

Mr. MILLIKIN. Yes.

Mr. DOUGLAS. Certainly, and that is provided for in the roll-back order of the Administrator which would have gone into effect on the 2d of July if it were not for section 2.

Mr. MILLIKIN. Is there any objection to having it in the law?

Mr. DOUGLAS. No, I do not believe so, provided it permitted the Administrator to make allowances for the almost infinite variety of factors and practices that differentiates one industry from another. I would be perfectly willing to have the able Senator from Colorado work out the details and prepare proper language to provide standards clarifying that section of the original act. I have the greatest confidence in the ability of the Senator from Colorado to bring about such a clarification, if he were to turn his talents in that direction.

Mr. MILLIKIN. I am merely suggesting that it would be a proper field for amendment of some kind to provide that if there is to be a roll-back—and I am not talking about agricultural products—the ceilings must reflect either increases or decreases in costs from the date from which the roll-back moves forward.

Mr. DOUGLAS. I assume the Senator means cost increases and decreases from the base period, which in this case is May 24 to June 24, 1950. I would also want a further delineation of just what cost components are to be included, but I believe it would be very constructive to do so, although I should like to reserve final judgment until I see the Senator's proposal drafted into legislative language. I may say that we have here another example of the reconciliation of apparent opposites.

Mr. CAPEHART. Did I correctly understand the Senator from Illinois to say that he would be willing to write into the bill a provision requiring the Administrator to make certain increases in prices?

Mr. DOUGLAS. No; to provide certain standards which he would follow in making increases or decreases.

Mr. CAPEHART. And would the Senator from Illinois vote for such a provision?

Mr. MILLIKIN. He said he would.

Mr. DOUGLAS. May I point out that the bill itself states, at page 9:

In determining and adjusting ceilings on prices with respect to materials and services, he shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such material or services, including the following: Speculative fluctuations, general increases or decreases in cost of production, distribution and transportation, and general increases or decreases in profits earned by sellers of the material or by the persons performing the service, subsequent to June 24, 1950.

If that language is not sufficiently clear I believe I would be perfectly ready to consider a clarification.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. DOUGLAS. Yes.

Mr. MILLIKIN. I am suggesting that such language opens up a whole nightmare of all sorts of speculative considerations in the mind of the Administrator. If we are going to do something, if the Administrator makes a roll-back outside the field of agriculture should we not provide for adjustment for increases

or decreases in cost? It is just that simple.

Mr. DOUGLAS. Personally, I would have no objection.

Mr. MILLIKIN. Is there anything wrong with it?

Mr. DOUGLAS. No, nothing at all that I see as of this moment.

Mr. MILLIKIN. Then it is a deal.

The VICE PRESIDENT. The Senate will be in order.

Mr. DOUGLAS. I wish to amend the language of the Senator from Colorado by saying that it is not a closed deal, but awaiting the embodiment of the Senator's idea in legislative language, the possibility of the beginning of a happy solution.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. DOUGLAS. Yes.

Mr. WILLIAMS. Am I not correct in that under the existing law the price administrator could have at any time during the past year, at least since September 8, 1950, frozen prices and simultaneously rolled all prices back to the pre-Korean level? Is that correct?

Mr. DOUGLAS. Does the Senator imply that since the Administration has not done so, it has been guilty of negligence?

Mr. WILLIAMS. I wish to establish whether or not he had such power under the law. I wish to know whether he had the power to freeze all prices at the prevailing prices prior to the outbreak of hostility in Korea.

Mr. DOUGLAS. All prices, yes.

Mr. WILLIAMS. He had that power?

Mr. DOUGLAS. Yes. Is the implication of the Senator that therefore he was negligent, or that the administration was therefore negligent, for not doing so?

Mr. WILLIAMS. I merely asked the Senator the question because I wished to have a clear understanding of his amendment.

I supported an amendment to the present Defense Production Act to strike out exemptions for both wages and agricultural commodities because I felt it was necessary either to freeze prices across the board or not at all. As I understand the amendment of the Senator from Illinois he would restore the power of the Price Administrator, if he wishes to do so, to roll prices back to the pre-Korean level.

Mr. DOUGLAS. Only in conjunction with all other prices and costs.

Mr. WILLIAMS. But the Administrator could roll them back if the Senator's amendment were agreed to.

Mr. DOUGLAS. Yes, to the extent that post-Korea cost increases enabled him to do so—and still have his regulations fair and equitable, as the law requires. I am merely restoring the existing act; not changing it at all.

Mr. WILLIAMS. All prices and all wages could be rolled back to the pre-Korean level; is that not correct?

Mr. DOUGLAS. It would be a very difficult thing to do. In practice, what any sensible Administrator would do would be to merely roll back the prices on the commodities on which increases have been appreciably greater than that

of the cost of the raw materials from which they had been fabricated and the cost of labor used in its production. It would be done only in cases in which abnormal profit margins have been shown. It would be very hard to roll back everything, regardless of cost increases. Some manufacturers would have paid 10 percent, 15 percent, or more for ingredient factors since June 1950, and if they had to sell their finished product at the June 1950 price they would suffer a great shrinkage in profit, and perhaps actually incur losses. No one would wish to have them do that. The best method to pursue would be merely to bring down prices which had increased more than the average. The only alternative is to increase all prices to the level of today's highest prices, and this would cost consumers literally billions of dollars.

Mr. WILLIAMS. And you would allow the other prices to rise up to that level?

Mr. DOUGLAS. Yes.

Mr. WILLIAMS. Theoretically, however, it would be possible to roll them all back, and that is what the American people are being led to believe is his intentions.

Mr. DOUGLAS. In practice that could not be done.

Mr. MOODY. Mr. President, will the Senator yield?

Mr. WILLIAMS. Mr. President, will the Senator yield for one more question? I am very much interested in his amendment.

Mr. DOUGLAS. It is really the amendment of the Senator from Alabama [Mr. SPARKMAN], and other Senators. I am merely offering it.

Mr. WILLIAMS. Under the existing act, we have a provision which provides that agricultural prices shall not be rolled back beyond 100 percent of parity. Would the Senator's amendment strike out that provision?

Mr. DOUGLAS. No.

Mr. WILLIAMS. The Senator's amendment would strike out the committee amendment which would change the existing law, does it not?

Mr. DOUGLAS. No.

Mr. WILLIAMS. The Senator's amendment would let the provision stand?

Mr. DOUGLAS. Yes; it is still in there.

Mr. WILLIAMS. Then the Senator's amendment if adopted would make it possible to roll prices back either to 100 percent of parity or to the pre-Korean level on any agricultural commodity as the Administrator chooses, is that correct?

Mr. DOUGLAS. It would be possible to do so.

Mr. WILLIAMS. For instance, let us take wheat.

Mr. DOUGLAS. The amendment would not change the law in that respect at all.

Mr. WILLIAMS. That is what I wanted to examine. The Senator has been referring to beef. Let us take wheat, for instance. Do I understand that under the Senator's amendment it would be possible to roll wheat prices back either to 100 percent of parity or

to the pre-Korean level at the Administrator's option?

Mr. DOUGLAS. Such a provision is not contained in my amendment. That is the existing law. It is the existing law that does it, and my amendment would not change the existing law.

Mr. WHERRY. Yes; it would do that.

Mr. DOUGLAS. It would strike out the amendment which would prohibit a roll-back.

Mr. WILLIAMS. Yes, and in so doing the Senator's amendment would continue those provisions in the existing law.

Mr. DOUGLAS. If the Senator from Delaware wishes to alter that provision in the law he may do so by introducing an amendment to that effect. It is impossible to do it all with one amendment, as was demonstrated very clearly by the amendment offered by the Senator from Oklahoma [Mr. KERR]. It is impossible to meet all parts of the bill in one amendment.

If the Senator from Delaware wishes to prepare an amendment permitting the Administrator to reduce prices below parity, he may do so. If he wishes to reduce the price from 100 percent to 90 percent of parity, he may do so.

Mr. WILLIAMS. I appreciate the Senator speaking plainly with respect to what would be the effect of his amendment. I have not proposed any amendment as yet. I am merely trying to determine what the Senator's amendment would do. I should like to ask one further question. Does the Senator from Illinois realize that even though his amendment is agreed to, it would still be impossible to roll back prices, under the Defense Production Act to the pre-Korean level? In fact, your amendment just will not provide lower prices as it is now written.

Mr. DOUGLAS. I may say that it would most certainly do so on manufactured goods.

Mr. WILLIAMS. Will the Senator yield further?

Mr. DOUGLAS. Yes.

Mr. WILLIAMS. I merely wish to point out to the Senator from Illinois that his amendment, if agreed to, would be in direct conflict with the price-support program, because part of the increases in the cost of food since the outbreak of the Korean War is due to the price-support program. Today the Department of Agriculture is supporting certain agricultural commodities at prices which are higher today than the prices prevailing prior to the outbreak of the Korean War. Under the support program the Government is buying many of the agricultural products for the sole purpose of forcing higher prices. The only way in which the amendment of the Senator from Illinois would be practical in operation would be to amend it so as to suspend the price-support program at least for the duration of price controls. If the Senator were to modify his amendment accordingly, so as to make it practicable, I shall support his amendment.

Mr. DOUGLAS. May I say to my good friend from Delaware—

Mr. WILLIAMS. Otherwise I cannot support the Senator's amendment, because it is nothing more than idle words. Even if the Senator's amendment were agreed to, the Administrator could not possibly roll back prices to the pre-Korean War level on agricultural products, because to do so would be in direct conflict with the price-support program. You cannot force prices higher and lower both at the same time. May I inquire whether the Senator from Illinois would consider modifying his amendment so as to strike out this inconsistency to which I have referred? If he will do so, Mr. President, I shall support his amendment. Let us make up our minds; either we are afraid of inflation or deflation. If we fear inflation and shortages, then we do not need price supports. If we fear deflation and surpluses, then we do not need price controls. To insist on both simultaneously is merely an admission that the administration's primary objective is a controlled economy for this country, rather than controlling inflation. It is an admission that they are just not sincere.

Mr. DOUGLAS. Let me say to the Senator from Delaware that our amendment eliminates only section 2 of the committee's bill, and restores the original act. The amendment would not eliminate the restriction imposed in the original act, namely, that no ceiling on farm products shall be less than the parity price.

Mr. WILLIAMS. That is the point, the administration, promising higher prices for the farmers and lower prices for the consumers all at the same time.

Mr. DOUGLAS. That restriction would continue.

I do not think the increase in farm prices since the attack on Korea has been caused by the price-support program of the administration. It has been caused in some cases by agricultural shortages, as in the case of cotton; and in other cases it has been caused by increased speculative demand. However, I do not think it can be argued successfully that it has been caused by the agricultural commodity price-support program.

Mr. WILLIAMS. Mr. President, will the Senator yield further?

Mr. DOUGLAS. I yield.

Mr. WILLIAMS. I was discussing this matter with the Department of Agriculture, and I have obtained these figures from the Department of Agriculture. They will appear in the Record, and the Senator from Illinois will be able to confirm them.

Under the bill now before us if the Senator's amendment is adopted—and I say again that the amendment has much merit, if it can be worked out properly—the Price Administrator would have authority to roll back the price of wheat to \$2.06 a bushel; but, on the other hand, there is now on the statute books another law requiring the price of wheat to be supported at \$2.17 a bushel.

Mr. DOUGLAS. The parity price is \$2.17?

Mr. WILLIAMS. If both provisions remained in effect, the Secretary of Agriculture would have to pay 11 cents

a bushel more than the roll-back price, to support the price of wheat at the 90-percent mandatory level. But at the same time he would be violating the Price Control Act by paying more than \$2.06 a bushel for wheat, or 11 cents a bushel more than anyone else would be allowed to pay for wheat. In view of that inconsistency, it is apparent that it would be necessary either to repeal one act or to change them in such a way as to make them consistent with each other.

Mr. DOUGLAS. Mr. President, I am somewhat puzzled by the figures the Senator from Delaware has just quoted.

Mr. WILLIAMS. I was puzzled by them, too.

Mr. DOUGLAS. I am puzzled by them because in consulting the publication *Agricultural Prices* of the Bureau of Agricultural Economics and the prices it published on May 29, I find that the price of wheat on May 15 is given as \$2.41 a bushel, and that is stated as being only 88 percent of the parity price. So I am puzzled by the implication in the statement of the Senator from Delaware that wheat is now selling at more than the parity price and that the maintenance of the parity price would prevent the price of wheat from falling.

Mr. WILLIAMS. I said that the Department of Agriculture on May 15, 1951, announced a support price on wheat of \$2.17 a bushel that is on the current crop of wheat. These figures were given to me just this morning.

Mr. DOUGLAS. I think that price is approximately 80 percent of parity.

Mr. WILLIAMS. It is 90 percent of the new parity. The parity has advanced during the succeeding months, and that accounts for the \$2.17 price.

However, if the amendment of the Senator from Illinois is adopted in its present form, the Price Administration would be authorized to roll back prices to the pre-Korean level, which is \$2.06 for wheat. The Secretary of Agriculture would then be violating the Price Control Act by paying 11 cents a bushel more for wheat than would be allowed under the Price Control Act.

Therefore, I think it only makes good sense to amend the Senator's amendment so as to have it provide that for the duration of the Price Control Act all prices supports would be suspended. I think the Senator will agree that it does not make sense to have one agency spend hundreds of millions of dollars in buying an agricultural commodity, storing it, exporting it at bargain prices, or destroying it, for the purpose of forcing the price of that commodity higher, and at the same time to have Congress pass a bill telling another Government agency to hold prices down. Let us decide which way we are going.

Mr. DOUGLAS. In other words, the Senator from Delaware wishes to have all price supports for agricultural commodities eliminated, does he?

Mr. WILLIAMS. I want to do either one thing or the other; let us stop supporting the prices of agricultural commodities, in order to force the prices of those commodities higher, while at the same time we talk about bringing prices down.

Certainly we cannot justify price ceilings to hold down the prices of agricultural commodities when at the same time we are appropriating millions of dollars in order to put those prices up. That just does not make good sense. Also, it is not possible for the administrators of the two laws to administer them without coming into conflict.

I am not speaking on the merits or demerits of the price-support program. I am speaking merely of their inconsistency with title IV, which relates to price controls. During the period in we are operating under shortages and an inflationary threat, we should suspend this program. We should stop this asinine policy of destroying good edible foods and most certainly we do not wish to destroy any commodity of which there is a shortage. If there is a surplus, we do not need price ceilings. It is impossible for anyone to argue intelligently in favor of both of them.

Mr. DOUGLAS. I had thought that the remaining days in which this law will still be in effect would not be sufficient to permit us to debate and decide again on the agricultural price-support program which the country should follow. We could spend weeks and months on that issue. My amendment would merely continue the price provisions of the present act.

However, after the amendment is adopted, the Senator from Delaware can deal separately with the problem he has mentioned. If the Senator from Delaware and his associates wish to submit an amendment eliminating all price supports on agricultural commodities and returning agricultural commodities to the competitive market, I think such an amendment would be very valuable for discussion purposes. I am not sure how much support the Senator from Delaware would obtain from Senators on this side of the aisle for such an amendment, but I think it might be interesting to have the issue raised.

Mr. WILLIAMS. Mr. President, will the Senator yield further?

Mr. DOUGLAS. I yield.

Mr. WILLIAMS. As a further example, let me say that if the amendment of the Senator from Illinois is adopted in its present form, Mr. DiSalle apparently would roll back the price of rice to \$4.18 per hundred pounds, although on May 15, 1951, Mr. Brannan announced a \$5 per 100 pounds support price for rice.

I may say that, under the law, the Secretary of Agriculture is compelled to support the price of rice at \$5 per hundred-weight. How can Mr. DiSalle roll back the price of rice to \$4.18 per hundred-weight while, under another law, the Secretary of Agriculture is compelled to support rice at \$5 per 100 pounds?

If the amendment of the Senator from Illinois is adopted, Mr. DiSalle will, if he is sincere, attempt to roll back the prices, as he has already told the American consumers he will do. If Mr. DiSalle rolls back the price of rice to \$4.18 per hundred pounds, either he will be violating the price support law to the extent of 82 cents per 100 pounds of rice or else the Secretary of Agriculture will violate the price ceiling. If triple damages are al-

lowed, as has been done in the past, one Government agency will then be collecting tremendous damages from another Government agency, and the confusion would, if possible, be even worse than that which now exists.

Mr. DOUGLAS. Mr. President, certainly there is much merit in dealing with one issue at a time. If the Senator from Delaware brings the agricultural commodity price support issue into the debate, we shall be here for months. I had hoped we could deal only with the price-control situation, which is really the subject of title IV of the Defense Production Act.

Mr. WILLIAMS. I realize that we should not bring into the argument at this time the merits or demerits of the price-support program, but I point out that there is a direct conflict between the price-support law and the amendment of the Senator from Illinois, therefore we must consider the question.

I am in sympathy with the argument the Senator from Illinois has been making, but certainly there is no use in trying to kid the American consumer. If we are going to leave the price-support law on the statute books, there will be no possibility of making great savings by means of reductions in food prices. To Senators who think that several billion dollars will be saved by means of rolling back prices, I point out that that cannot possibly occur in view of the present situation and in view of the laws which already are on the statute books.

Mr. DOUGLAS. Under this measure we shall secure the advantage of roll-backs on prices in cases in which prices have increased more than the increases in (a) the cost of the ingredient materials plus (b) the cost of the labor used to fabricate the materials. When prices have advanced in excess of those costs, we shall be able to roll them back. We shall also be able to eliminate speculative gains which have been made, at least so far as the future is concerned. Thus we shall be able to remedy both the sort of inequity to the producer where cost increases exceed price increases, and the inequity to the consumer when the price exceeds cost increases.

As to the question of whether we should have agricultural commodity price ceilings which are no less than 100 percent of parity, that is another matter. Probably it is true that in the case of some agricultural commodities, the reductions which have occurred in the costs of production per unit have been such that the maintenance of the same price relationship which existed before would result in a vastly increased margin of profit to the farmers. That is quite possible. Possibly it should be reviewed as a separate issue.

Mr. WILLIAMS. Mr. President, will the Senator yield further?

Mr. DOUGLAS. I yield.

Mr. WILLIAMS. I think the Senator from Illinois misunderstands me somewhat. I am not speaking of whether we should continue to guarantee 100 percent of parity, but I am speaking of the support program in general.

Even though we agreed to strike out the 100 percent of parity provision, the

difference would then be greater than the increase I stated to the Senator.

I am pointing out to him that, at least theoretically, it is impossible to administer both of these laws in accordance with their provisions, if both of them are on the statute books at the same time. Either we do not want to pass one, or we have got to suspend the other. I think the Senator from Illinois will agree with me that it is impossible to leave one law on the books which tells the Secretary of Agriculture that he has got to buy wheat at \$2.17 per bushel, and hold it at that mark, dumping it in the Atlantic Ocean or any place else in order to get rid of it, and then, at the same time, tell another Government agent that he must hold the price of wheat down to \$2.06. It would make a black-market operator out of every farmer who cooperated with the Secretary of Agriculture. It would make the Secretary of Agriculture a black-market operator, and it simply does not make sense. Let us make up our minds which way we are going. I would go along with the Senator from Illinois if he would amend his amendment so that it would do exactly what he says he wants to do, because I agree with him 100 percent in what he says he wants to do—but he cannot do it with his amendment as it is now written.

Mr. DOUGLAS. If I may reply, now, this is a complicated issue, and I may not have understood correctly the Senator from Delaware. But it is my understanding that the price-support program to which the Government is committed through the Agricultural Act is much less stringent than parity, that in most cases it provides a ratio of less than parity, usually no more than 90 percent of and that therefore, under that act, it is possible to have supplies increased and prices maintained which will be less than parity.

On the other hand, the section 402 (d) (3) of the Defense Production Act provides that no ceiling shall be set which is lower than parity. But it is possible to refrain from setting a ceiling, but instead to permit the forces of supply and demand within the acreage and production quotas allowed to bring prices down to the support level; that is not to require that the prices must rise to parity. In fact, the price of wheat now is below parity, and, if my figures are correct, the price of peanuts is below parity. The price of corn is below parity. Cotton, as we know, is very appreciably above parity, namely, at 125 percent of parity as of May 15. Beef is 52 percent above parity, or was, before the roll-back.

Mr. WILLIAMS. I may say to the Senator from Illinois that I still think he is confused as to what I am discussing. It is mandatory that the Department of Agriculture must support—they have no option about the matter—they must support the basic commodities at 90 percent of parity.

Mr. DOUGLAS. Yes, that is correct.

Mr. WILLIAMS. They must do that, and, under the new parity formula, which has recently been issued, which took into consideration the wage rises, and so forth, the 90-percent parity for-

mula for wheat, for example, is 11 cents a bushel higher than \$2.06 pre-Korean price for wheat which can be established under this amendment.

Mr. DOUGLAS. The only way to reconcile these is to permit the Price Administrator to roll prices back to 90 percent of the current parity price. Is that what the Senator from Delaware is proposing?

Mr. WILLIAMS. I may say to the Senator from Illinois that, even if—

Mr. DOUGLAS. Would the Senator from Delaware answer that question? Is he proposing that the Price Administrator be permitted to roll prices back to 90 percent of parity?

Mr. WILLIAMS. The Senator from Delaware, when the Defense Production Act was before the Senate—

Mr. DOUGLAS. Mr. President, will the Senator answer the question?

Mr. WILLIAMS. I am going to answer it by telling the Senator how I voted when the Defense Production Act was before the Senate last year. I voted against the amendment which exempted either wages or agricultural prices from being rolled back to less than 100 percent of parity. If I remember correctly, the Senator from Illinois voted for it. There is no use in any man who voted for an exemption of both wages and agricultural commodities to get up and shed tears for the consumers. The Congress put the prices up when that amendment was passed; and every Senator knew it at the time, and the Senator from Illinois knew it.

Mr. DOUGLAS. Am I correct in my inference that the distinguished Senator from Delaware would permit the Price Administrator to roll prices back to less than parity?

Mr. WILLIAMS. The Senator from Delaware would not permit—

Mr. DOUGLAS. Mr. President, will the Senator answer yes or no to that?

Mr. WILLIAMS. If the Senator will yield, I do not think the answer is that simple. The Senator from Delaware offered an amendment, which I do not think received the support of the Senator from Illinois, which would have permitted the Price Administrator simultaneously to freeze all prices and wages at a pre-Korean level, irrespective of whether they were 100 percent of parity or not; and the Senator from Illinois voted against it.

Mr. DOUGLAS. And he would roll agricultural prices back, even if they were less than parity?

Mr. WILLIAMS. I voted for it. That answers the question. The same thing was also true of wages. I said then they must be considered together. You cannot freeze one without the other. Those exemptions plus very weak administration of the law account for the price increases, and the—

Mr. DOUGLAS. I may say there have not been any increases in the past few months. The prices have been relatively stable since the price stabilization went into effect. I do not say that the price-control program alone caused prices to remain stable, but the fact remains that prices have not increased in that period.

Mr. WILLIAMS. No; they have not, but—

Mr. DOUGLAS. As a matter of fact, I should like to put in the RECORD at this point a chart showing the weekly wholesale price index since January 15, which shows comparative stability in prices. This, as a matter of fact, is in the committee report itself on page 6, and I am merely citing the fact that with June 1950 as a base of 100, the weekly wholesale price index number, on January 23, 1951, when the general price freeze was instituted, was 114.4, and, on June 12, 1951, was 115.5, an increase of only 1 point, or less than 1 percent, in 5 months; so that there has not been a real increase within the past 5 months. The increase occurred prior to January.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

Weekly wholesale price index

Date	Index (1926=100)	Index with (June 1950= 100)
June 6, 1950.....	157.6	100.2
June 13, 1950.....	157.0	99.8
June 20, 1950.....	157.4	100.0
June 27, 1950.....	157.4	100.0
July 4, 1950.....	159.6	101.4
July 11, 1950.....	163.0	103.6
July 18, 1950.....	164.3	104.4
July 25, 1950.....	164.6	104.6
Aug. 1, 1950.....	165.8	105.4
Aug. 8, 1950.....	166.3	105.7
Aug. 15, 1950.....	165.8	105.4
Aug. 22, 1950.....	166.6	105.9
Aug. 29, 1950.....	167.8	106.6
Sept. 5, 1950.....	167.7	106.6
Sept. 12, 1950 (DPA Act signed).....	169.1	107.5
Sept. 19, 1950.....	169.8	107.9
Sept. 26, 1950.....	169.4	107.7
Oct. 3, 1950.....	168.8	107.3
Oct. 10, 1950.....	168.4	107.0
Oct. 17, 1950.....	168.7	107.2
Oct. 24, 1950.....	168.9	107.3
Oct. 31, 1950.....	169.6	107.8
Nov. 7, 1950.....	170.0	108.0
Nov. 14, 1950.....	171.0	108.7
Nov. 21, 1950 (Chinese intervention).....	171.2	108.8
Nov. 28, 1950.....	171.7	109.1
Dec. 5, 1950.....	172.6	109.7
Dec. 12, 1950.....	173.6	110.3
Dec. 19, 1950.....	174.7	111.0
Dec. 26, 1950.....	176.0	111.9
Jan. 2, 1951.....	176.8	112.4
Jan. 9, 1951.....	178.1	113.2
Jan. 16, 1951.....	178.7	113.6
Jan. 23, 1951.....	180.0	114.4
Jan. 30, 1951.....	180.9	115.0
Feb. 6, 1951.....	182.3	115.9
Feb. 13, 1951.....	183.4	116.6
Feb. 20, 1951.....	183.3	116.5
Feb. 27, 1951.....	183.0	116.3
Mar. 6, 1951.....	183.5	116.6
Mar. 13, 1951.....	183.4	116.6
Mar. 20, 1951.....	183.9	116.9
Mar. 27, 1951.....	183.9	116.9
Apr. 3, 1951.....	183.3	116.5
Apr. 10, 1951.....	183.0	116.3
Apr. 17, 1951.....	183.1	116.4
Apr. 24, 1951.....	183.6	116.7
May 1, 1951.....	183.4	116.6
May 8, 1951.....	182.8	116.2
May 15, 1951.....	182.2	115.8
May 22, 1951.....	182.4	115.9
May 29, 1951.....	182.5	116.0
June 5, 1951.....	181.9	115.6
June 12, 1951.....	181.7	115.5

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. WILLIAMS. I think the Senator from Illinois realizes as well as 99 percent of the people of the United States realize that the scare buying was over when Mr. DiSalle acted; prices had begun to recede. The Price Administrator said, "I will put the controls on and hold

the line." Again I say that if the Price Administrator had been sincere in his effort to roll back the price of beef to 125 percent of parity, as he now says he wants to do, all he had to do was to freeze the price of beef at 125 percent of parity last October on its way up. It was then a very simple thing. He did not do it, because I do not think he wanted to hold down prices.

Mr. DOUGLAS. The Senator means, does he, that he might have frozen prices in October?

Mr. WILLIAMS. If he intended to freeze them, he should have frozen them in October, yes.

Mr. DOUGLAS. If I may point out again what is apparently overlooked, the President asked 25 men to be Price Stabilizer before, on the twenty-sixth time, he got Mr. DiSalle; it took months for him to get a man. During the period in which an effort is being made to set up an administration, if it is impossible to get a price administrator, how, in heaven's name, can he freeze prices at that time?

Furthermore, he had an Economic Stabilizer—and I want to pay tribute to the character of Dr. Valentine, a splendid man, but a man who did not believe in fixing prices; he is an eminent member of the political party on that side of the aisle, and a very honorable gentleman, who would not put into effect any mandatory price controls—and he was completely honest and completely conscientious in it. If the Senator objects, he should direct his objections to Mr. Valentine. Poor fellow, he has already had too much trouble, and I do not think the Senator should add to it.

Mr. WILLIAMS and Mr. McFARLAND addressed the Chair.

The VICE PRESIDENT. Does the Senator from Illinois yield, and if so, to whom?

Mr. DOUGLAS. I have answered many questions asked by the Senator from Delaware, and now, if I may, I yield to the Senator from Arizona.

Mr. McFARLAND. Mr. President, I merely wanted to ask the Senator a question as to the time of day that he invited the distinguished minority leader to dinner, as to whether it was 6 o'clock, 7, 8, or 9. I have been asked the question, myself.

Mr. DOUGLAS. Mr. President, I may say it took me about 10 minutes to make my speech, not more than 10 minutes. The time since then has been taken up by questions.

Mr. McFARLAND. I wanted to ask the question.

Mr. DOUGLAS. Would the majority leader address his question to the Senator from Delaware, and inquire about what time he wants to let me off the alleged hook?

Mr. WILLIAMS. If the Senator will yield, I shall answer the question.

The VICE PRESIDENT. The Senator from Illinois has the floor in his own time.

Mr. WILLIAMS. Mr. President, will the Senator from Illinois yield for one more question?

Mr. DOUGLAS. My friend from Nebraska grows restive and hungry; so the Senator should not prolong the questioning.

Mr. WILLIAMS. The Senator from Delaware also is hungry, and he likes a good steak. He would be glad to join the trio of Senators in going to dinner. Several of the other Members who are present might also be willing to join him.

Mr. DOUGLAS. I have only one \$10 bill in my pocket.

Mr. WILLIAMS. I merely wish to say to the Senator from Illinois that perhaps the President would not have had so much difficulty in getting a good Price Administrator or in getting other good employees in that office had he not passed out the word that every employee had to be cleared with the Democratic National Committee.

Mr. DIRKSEN. Mr. President, will the Senator yield for a reply?

Mr. DOUGLAS. I shall be very glad to yield to my colleague, and I may say that no two Senators from opposing political parties could get along better than my colleague and I.

Mr. DIRKSEN. That is correct; and I do have the protection of my senior colleague from Illinois. However, I believe it is necessary to keep the Record straight. As the Senator knows, Dr. Valentine, who was the first price administrator, was a very estimable man—

Mr. DOUGLAS. He was a very fine gentleman.

Mr. DIRKSEN. And a fine scholar. I should like to ask the Senator whether he saw Dr. Valentine's statement in yesterday's newspaper.

Mr. DOUGLAS. No, I did not.

Mr. DIRKSEN. There were two very fine columns in yesterday's Washington Times-Herald, which I think are worthy of being inserted in the Record. Dr. Valentine said:

I took on the job of economic stabilizer aware of its difficulties and dangers, and was prepared to see it through—

This is Dr. Valentine speaking—

but any man not supported by organized labor, or by the White House secretariat, or by the Democratic National Committee needs to watch his step. I was unpopular with all three.

Then he has this to say, which I think is worthy of note:

Price and wage stabilization was an economic issue, but it became a political one.

He speaks from an abundance of knowledge of all the difficulties he encountered when he became the first Republican to be fired by a Democratic President.

Mr. DOUGLAS. He was not the first Democrat to be fired by a Democratic President. The President has exercised his power to dismiss officials within the Democratic Party. The ax is not reserved for Republicans only.

Mr. DIRKSEN. Mr. President, I ask unanimous consent to have the entire article printed in the Record at this point in my remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

VALENTINE SEES POLITICS RIFE IN CONTROLS SET-UP—EX-STABILIZER FLAYS H. T.'S "WARD HEELERS"

(By Robert Young)

Dr. Alan Valentine, economic stabilization director fired by President Truman early this year, has denounced the economic stabilization program of the Truman administration.

He told this reporter that Government price and wage controls in their present form and as presently administered are dangerous, futile, expensive, and even tragic. He said that the administration has infused the stabilization program with a "ward heeler, city-hall" type of politics.

FIRE 3 MONTHS LATER

The President appointed Valentine Economic Stabilization Administrator last October and gave him the assignment of establishing price and wage controls. Valentine was fired just 3 months later—January 19—after a disagreement with Mr. Truman and his other control chiefs over price-wage ceiling policies. The President wanted controls clamped on the Nation more rapidly and more drastically than Valentine believed necessary or workable.

Valentine, who was executive director of the National Committee of Democrats for Willkie in the latter's campaign against the late President Roosevelt in 1940, commented in discussing the summary termination of his career as a Government official that "I was only another Republican fired by a Democratic President."

"I took on the job of economic stabilizer aware of its difficulties and dangers, and was prepared to see it through," he continued. "But any man not supported by organized labor, or by the White House secretariat, or by the Democratic National Committee needs to watch his step. I was unpopular with all three."

ISSUES TOO IMPORTANT

"There are issues too important to compromise. I could not compromise my basic economic judgment, but my judgment was not shared by most of the powers in Washington. Price and wage stabilization was an economic issue, but it became a political one. There was another issue I had been promised would not be allowed to impede my work, but soon I was forced to choose between being a participant in large-scale political patronage or by being a victim of it. I chose the latter."

Valentine said the Truman administration has failed to take the obvious, fundamental actions to achieve real, effective stabilization of the national economy during the defense mobilization period "because these steps are politically unpopular."

Valentine observed that rising prices are only a manifestation, a symptom of inflation and not the cause of inflation. He asserted that inflation can be stopped only by a direct attack on the basic causes and not merely by decreeing Government price-wage controls.

"Until that is realized and acted upon," he said, "price and wage controls will continue to be a temporary and dangerous expedient and, in their present chameleon form, a futile, expensive, and even tragic venture."

"Price control as presently operated is futile because it will not hold down prices. It is expensive not only in terms of its dollar cost, but in terms of hampering production through regimentation and paper work, in uncertainty and irritation to producers, in black markets and shortages to consumers, in expanding bureaucracy and rampant political patronage."

"This kind of price control will prove even more costly as it increasingly weakens American free enterprise and public confidence in the intelligence and integrity of our Govern-

ment. This kind of price control is tragic because it weakens the Nation when it must be strong."

Valentine said that any effective attack on the basic causes of inflation must include real Government economy, a sound program of higher taxes to siphon off excess consumer-spending power, credit controls, intelligent Government interest-rate policies and a national campaign urging the public to do without personal luxuries and increase savings.

FOUND MORE EXPEDIENT

The one-time economic stabilization chief charged that rather than apply these anti-inflation measures "and risk failures at the next elections," the Truman administration found it easier and more expedient to talk about price controls, demand them, and "feature them as if they alone could do the job."

Some of this buck passing, he remarked, was due to ignorance on the part of Government officials, but some of it also was due to cynical self-interest.

Valentine said the administration price-control program can scarcely be expected to be sound in economic concept "because it never was an economic concept." He characterized the program as "conceived in haste by wishful thinking out of political expediency." He said that those who formulated the price-wage-control program disregarded the advice of sound economists and those experienced with World War II controls.

ONLY STOPGAP STEP

Valentine recalled that the initial Government price freeze put into operation shortly after he was ousted never was intended to be more than a stopgap measure, "an expedient sop to public demand," which was to be modified as time permitted. He disclosed that one of the administration planners who had a hand in drafting the original price-control program believed that if it "merely created the illusion of control and economic soundness" the program would serve its purpose.

Asked if the present control system is working, Valentine replied that no one can prove to what extent Federal controls have held down prices. But, he continued, it can be proved that controls have been "worse than troublesome" to the Nation's production.

He said that production is essential to defeat inflation, but that whatever short-term value the price-control program may have probably is already more than offset "by its impairment of production and production incentives."

Valentine commented that "if we do get lower prices we can thank the operation of natural economic fears far more than the prestidigitators of price control."

PIECEMEAL EXPEDIENTS

He said that administration stabilization planners are now using the original hastily drafted, stopgap price freeze of early this year as the foundation upon which to add "future piecemeal expedients."

Valentine does not foresee a very bright future for the present price-wage controls program.

Valentine predicted that irritation among consumers, producers, merchants, and businessmen with price controls is likely to increase as the controls become more complicated and time demanding. He added, however, that as the elections approach the administration can be expected to ease up on enforcement and become more liberal in allowing exceptions to controls.

"Public esteem of price controls will not be increased by the recognition that prices which our controllers have not even attempted to control, such as basic agricultural prices, have risen less than many prices which they theoretically have frozen," Valentine concluded.

"Economic laws do not always bow to government edicts."

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. McFARLAND. Does not the Senator think that if this discussion proceeds it will be inappropriate for the Senator from Illinois and the minority leader to have the dinner to which reference has been made?

Mr. DOUGLAS. I am willing to yield the floor at this time.

Mr. WILLIAMS. Mr. President, I send to the desk an amendment to the amendment offered by the Senator from Illinois [Mr. DOUGLAS] which I ask to have printed and lie on the table. I am offering it so that it may become the pending question.

Mr. MAYBANK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. MAYBANK. Do I correctly understand that the amendment is to be printed and lie on the table?

The VICE PRESIDENT. Yes, but the Senator wishes to have it made the pending question.

Mr. McFARLAND. Is there not an amendment pending?

The VICE PRESIDENT. There is.

Mr. McFARLAND. I have no objection.

The VICE PRESIDENT. The amendment to the amendment will be stated.

Mr. McFARLAND. The amendment offered by the Senator from Illinois is the pending amendment, and the proposal of the Senator from Delaware is an amendment to his amendment, is it not?

The VICE PRESIDENT. The Chair so understands. The amendment offered by the Senator from Delaware to the amendment of the Senator from Illinois will be stated.

The CHIEF CLERK. At the appropriate place it is proposed to insert:

SUSPENSION OF PRICE SUPPORTS ON AGRICULTURAL COMMODITIES

SEC. —. (a) Section 402 (d) (1) of the Defense Production Act of 1950 is amended by striking out "except as provided in this subsection."

(b) Section 402 (d) (3) of the Defense Production Act of 1950 is amended by striking out "Nothing contained in this act shall be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of such act," and inserting in lieu thereof the following: "Notwithstanding any other provision of law, no department or agency of the United States shall undertake or continue to support, by purchase, loan, or other operation, the price of any agricultural commodity."

On page 3, line 6, strike out "Sec. 5" and insert "Sec. 6."

TRIBUTE TO SENATOR RUSSELL

Mr. CAIN. Mr. President, for some weeks the junior Senator from Washington has wished to make a brief statement about an important person, but the junior Senator from Georgia [Mr. RUSSELL] has successfully, to this minute, prevented such a comment being offered to the Senate.

The junior Senator from Georgia has acted as chairman, since May 3, 1951, of the combined Committees on Armed Services and Foreign Relations in their inquiry into the military situation in the Far East and the facts surrounding the relief of General of the Army Douglas MacArthur from his assignment in that area.

The Senator from Georgia, in pursuance of the committee assignment, has kept the committees in almost constant session since their inquiry was undertaken in the early part of May. During the past 7 weeks, no member of the committees has had any free time in which to offer comments of any kind to the Senate. This is one reason why the Senator from Georgia kept the Senator from Washington from doing what the latter had in mind.

Perhaps by instinct the Senator from Georgia knew what the Senator from Washington intended to say. Because he is a truly modest man, the Senator from Georgia would not look with any favor on the present intentions of the Senator from Washington.

Mr. President, all I wish to do is publicly to pay my respects, both personal and official, to the Senator from Georgia in his capacity and for his conduct as chairman of the joint committee. I came to the Senate of the United States almost 5 years ago, and I have never been more privileged than by my recent opportunity to serve as a member of the committees which have pursued, sitting jointly, their work, under the splendid and intelligent leadership of the Senator from Georgia. In all my life, I have never known an individual to be more fair, patient, considerate, and tactful. He has been completely impartial in his treatment of the witnesses and in his dealings with every member of the two committees. Because of his understanding of the rights and feelings of others, the inquiry has uncovered facts and information which have been hidden for years, and the published record of the hearings will constitute an accurate and illuminating chapter in the history of America.

In hands less able and in a prejudiced mind, the hearings would have developed only bitterness, recriminations, and a distorted view of the Far East and the MacArthur question. I have known of Senate committee hearings which were without purpose and without any constructive result. In having been a willing servant of the Senator from Georgia in weeks gone by, I have a new appreciation for sound and disinterested leadership.

School children of the future will have reason to refer to the joint committee hearings as a factual textbook on the Far East period from the close of World War II until the present.

The State of Georgia is to be complimented on the contribution to the Nation's good which has been made possible by the character, poise, and moral integrity of its junior Senator. The Nation will have reason in years to come to appreciate and approve of what has been accomplished and brought to light by the joint committee.

In having had my say about the Senator from Georgia, I feel refreshed, and

June 18
Cincinnati
Pa., S.
Dexter

51717

EXHIBIT

S. 1717

IN THE SENATE OF THE UNITED STATES

JUNE 26 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. BENTON (for himself, Mr. DOUGLAS, Mr. LEHMAN, and Mr. MOODY) to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, viz:

1 On page 2, in lines 2 and 3, strike out "February 29,
2 1952" and insert "June 30, 1953".

3 On page 3, line 8, strike out "February 29, 1952" and
4 insert "June 30, 1953".

5 On page 15, line 14, strike out "February 29, 1952"
6 and insert "June 30, 1953".

AMENDMENTS

Intended to be proposed by Mr. BENTON (for himself, Mr. DOUGLAS, Mr. LEHMAN, and Mr. MOODY) to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

JUNE 26 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

S. 1717

IN THE SENATE OF THE UNITED STATES

JUNE 26 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. BENTON (for himself, Mr. O'MAHERNEY, Mr. MCMAHON, Mr. DOUGLAS, Mr. LEHMAN, and Mr. MOODY) to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, viz: On page 3, between lines 4 and 5, insert the following:

1 PLANT CONSTRUCTION AUTHORITY

2 SEC. 5. Section 303 (d) of the Defense Production Act
3 of 1950 is amended to read as follows:

4 “(d) When in his judgment it will aid the national
5 defense, the President is authorized (1) to acquire by pur-
6 chase, donation, condemnation, or other means of transfer
7 any real property, including facilities, or other interests
8 therein, and to erect and construct plants, factories, and other
9 industrial facilities for the purposes of manufacturing, pro-
10 ducing, and processing materials necessary to the national

1 defense and to engage in the marketing, transportation, and
2 storage of such materials; (2) to install additional equip-
3 ment, facilities, and processes in, and to construct additions
4 and improvement to, plants, factories, and other industrial
5 facilities owned by the United States Government; (3) to
6 operate, lease, license or otherwise arrange for the use by
7 others of such plants, factories, and industrial facilities; and
8 (4) to install Government-owned equipment, facilities, and
9 processes in plants, factories, and other industrial facilities
10 owned by private persons. To the fullest extent the Presi-
11 dent deems practicable, a fair charge shall be made for the
12 use by others of Government-owned property, facilities, and
13 processes under the authority of this subsection, in order to
14 reimburse the Government for the cost incurred by it.”

15 Change succeeding section numbers to conform.

S. 1717

AMENDMENT

Intended to be proposed by Mr. BUTLER of Nebraska to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

JUNE 26 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

Calendar No. 448

82^D CONGRESS
1ST SESSION

S. 1717

IN THE SENATE OF THE UNITED STATES

JUNE 26 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. CAPEHART to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, viz:

- 1 SEC. 402. (k) No rule, regulation, or order issued under
- 2 this title shall require any seller of materials to limit his
- 3 sales with reference to an average by quantity of all the prices
- 4 of such materials offered for sale by him at any prior time.

6-26-51—D

82D CONGRESS
1st Session

S. 1717

AMENDMENT

Intended to be proposed by Mr. CAPENART to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

JUNE 26 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

Calendar No. 448

82^D CONGRESS
1ST SESSION

S. 1717

IN THE SENATE OF THE UNITED STATES

JUNE 26 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. CAPEHART to the bill (S. 1717), to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, viz: .

1 SEC. 402. (1) No ceiling shall be established or main-
2 tained for any manufacturer, processor, or distributor, which
3 does not permit of a full pass-through of any gross receipts
4 or gross income taxes levied by States or municipalities upon
5 such manufacturer, processor, or distributor, and irrespective
6 of whether such taxes are separately stated.

82ND CONGRESS
1ST SESSION

S. 1717

AMENDMENT

Intended to be proposed by Mr. CARPENTER to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

JUNE 26 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

S. 1717

IN THE SENATE OF THE UNITED STATES

JUNE 26 (legislative day, JUNE 21), 1951
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. CASE to the bill (S. 1717)
to amend and extend the Defense Production Act of 1950
and the Housing and Rent Act of 1947, as amended, viz:
On page 2, after line 13, insert the following:

1 SEC. . Section 402 (e) of the Defense Production
2 Act of 1950 is amended by adding at the end thereof the
3 following new subparagraph:

4 “(vii) Prices in retail establishments with gross
5 sales of less than \$60,000 per annum: *Provided*, That
6 such establishments shall file with the appropriate
7 regional office of the Administrator of the Office of Price
8 Stabilization a sworn statement that their gross annual
9 business as shown by their latest Federal income tax
10 return did not exceed that amount.”

Calendar No. 448

82ND CONGRESS
1ST SESSION

S. 1717

AMENDMENT

Intended to be proposed by Mr. CASE to the bill
(S. 1717) to amend and extend the Defense
Production Act of 1950 and the Housing
and Rent Act of 1947, as amended.

JUNE 26 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

S. 1717

IN THE SENATE OF THE UNITED STATES

JUNE 26 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. DOUGLAS to the bill (S. 1717)
to amend and extend the Defense Production Act of 1950
and the Housing and Rent Act of 1947, as amended, viz:

- 1 On page 2, strike lines 14 through 23, inclusive (being
- 2 section 3).

82^d CONGRESS
1st Session

S. 1717

AMENDMENT

Intended to be proposed by Mr. Douglas to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

JUNE 26 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

S. 1717

IN THE SENATE OF THE UNITED STATES

JUNE 26 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. DOUGLAS (for himself, Mr. LEHMAN, Mr. BENTON, and Mr. MOODY) to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, viz: On page 3, between lines 4 and 5, insert the following:

- 1 REPEAL OF LIMITATION ON TREBLE DAMAGE ACTIONS
- 2 SEC. 5. The second sentence of subsection (c) of sec-
- 3 tion 409 of the Defense Production Act of 1950 is amended
- 4 by striking out "but in no event shall such amount exceed
- 5 the amount of the overcharge, or the overcharges, plus
- 6 \$10,000,".
- 7 Change succeeding section numbers to conform.

82ND CONGRESS
1ST Session

S. 1717

AMENDMENT

Intended to be proposed by Mr. DOTGLAS (for himself, Mr. LEHMAN, Mr. BENTON, and Mr. MOODY) to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

JUNE 26 (legislative day, JUNE 21), 1951
Ordered to lie on the table and to be printed

82D CONGRESS
1ST SESSION

IN THE SENATE OF THE UNITED STATES

JUNE 26 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

Intended to be proposed by Mr. DOUGLAS (for himself, Mr. LEHMAN, and Mr. MOODY) to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, viz: On page 2, between lines 13 and 14, insert the following:

1 LICENSING

SEC. 3. Section 409 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new subsections:

5 “(d) Whenever in the judgment of the President such
6 action is necessary or proper in order to effectuate the
7 purposes of this Act, and to assure compliance with and

1 provide for the effective enforcement of any price regulation
2 or order issued or which may be issued under section
3 402, he may by regulation or order issue to or require
4 of any person or persons subject to any price regu-
5 lation or order issued under section 402, a license
6 as a condition of selling or delivering any material
7 or service with respect to which such price regulation or
8 order is applicable. It shall not be necessary for the Presi-
9 dent to issue a separate license for each material or for each
10 price regulation or order with respect to which a license
11 is required. No such license shall contain any provision
12 which could not be prescribed by regulation, order, or re-
13 quirement under section 402: *Provided*, That no such license
14 may be required as a condition of selling or distributing
15 (except as waste or scrap) newspapers, periodicals, books,
16 or other printed or written material, or motion pictures, or
17 as a condition of selling radio or television time: *Provided*
18 *further*, That no license may be required of any farmer as
19 a condition of selling or delivering any agricultural com-
20 modity produced by him, and no license may be required of
21 any fisherman as a condition of selling or delivering any
22 fishery commodity caught or taken by him: *Provided further*,
23 That in any case in which such a license is required of any
24 person, the President shall not have power to deny to such
25 person a license to sell or deliver any material or service,

1 unless such person already has such a license to sell or
2 deliver such material or service, or unless there is in effect
3 under subsection (e) of this section with respect to such
4 person an order of suspension of a previous license to the
5 extent that such previous license authorized such person
6 to sell or deliver such material or service.

7 “(e) Whenever in the judgment of the President a per-
8 son has violated any of the provisions of a license issued
9 under this section, or has violated any of the provisions of
10 any price regulation, order, or requirement under section 402,
11 which is applicable to such person, a warning notice shall
12 be sent by registered mail to such person. If the President
13 has reason to believe that such person has again violated any
14 of the provisions of such license, regulation, or order after
15 receipt of such warning notice, the President may petition
16 any court of competent jurisdiction for an order suspending
17 the license of such person for any period of not more than
18 twelve months. If any such court finds (1) that the warn-
19 ing notice was based upon reasonable grounds and was not
20 arbitrary or capricious, and (2) that such person has vio-
21 lated any of the provisions of such license, regulation, or
22 order after the receipt of such warning notice, such court
23 shall issue an order suspending the license to the extent that
24 it authorizes such person to sell or deliver the material or
25 service in connection with which the violation occurred, or to

1 the extent that it authorizes such person to sell or deliver
2 any material or service with respect to which a regulation or
3 order issued under section 402 is applicable; but no such sus-
4 pension shall be for a period of more than twelve months,
5 and if the defendant proves that the violation in question
6 was neither willful nor the result of failure to take practicable
7 precautions against the occurrence of the violation, no sus-
8 pension shall be ordered or directed. Within thirty days
9 after the entry of the judgment or order of any court either
10 suspending a license, or dismissing or denying in whole or in
11 part the President's petition for suspension, an appeal may
12 be taken from such judgment or order in like manner as an
13 appeal may be taken in other cases from a judgment or order
14 of a State, Territorial, or Federal court, as the case may be.
15 Upon good cause shown, any such order of suspension may
16 be stayed by the appropriate court or any judge thereof in
17 accordance with the applicable practice; and upon written
18 stipulation of the parties to the proceedings for suspension,
19 approved by the trial court, any such order of suspension
20 may be modified, and the license which has been suspended
21 may be restored, upon such terms and conditions as such
22 court shall find reasonable. Any such order of suspension
23 shall be affirmed by the appropriate appellate court if, under
24 the applicable rules of law, the evidence in the record sup-
25 ports a finding that there has been a violation of any pro-

1 vision of such license, regulation, order, or requirement after
2 receipt of such warning notice. No proceedings for suspen-
3 sion of a license, and no such suspension, shall confer any
4 immunity from any other provision of this Act.

5 “(f) The term ‘court of competent jurisdiction’ as used
6 in this section shall mean any Federal court of competent
7 jurisdiction regardless of the amount in controversy and any
8 State or Territorial court of competent jurisdiction.”

82^d CONGRESS
1ST Session

S. 1717

AMENDMENT

Intended to be proposed by Mr. DOUGLAS (for himself, Mr. LEHMAN, and Mr. MOODY) to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

JUNE 26 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

S. 1717

IN THE SENATE OF THE UNITED STATES

JUNE 26 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. FREAR to the bill (S. 1717)
to amend and extend the Defense Production Act of 1950
and the Housing and Rent Act of 1947, as amended, viz:
On page 3, after line 4, insert the following:

- 1 STATE REPRESENTATION IN REGIONAL OFFICES
- 2 SEC. 5. Section 703 (b) of the Defense Production Act
- 3 of 1950 is amended by adding at the end thereof the fol-
- 4 lowing: "There shall be included among the policy-making
- 5 officers of each regional office administering the authority
- 6 conferred by title IV of this Act a resident of each State
- 7 served by such office whose governor requests such repre-
- 8 sentation."

82ND CONGRESS
1ST SESSION

S. 1717

AMENDMENT

Intended to be proposed by Mr. FERRAR to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

JUNE 26 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

S. 1717

IN THE SENATE OF THE UNITED STATES

JUNE 26 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. LEHMAN to the bill (S. 1717)
to amend and extend the Defense Production Act of 1950
and the Housing and Rent Act of 1947, as amended, viz:
On page 3, between lines 4 and 5, insert the following:

1 SUBSIDIES TO MAINTAIN MARGINAL PRODUCTION

2 SEC. 5. (a) Section 303 of the Defense Production Act
3 is amended by inserting between subsection (b) and sub-
4 section (c) the following new subsection:

5 “(c) If the President finds—

6 “(1) that under generally fair and equitable ceiling
7 prices for any material, there will result a decrease in
8 supplies from high-cost sources of such material, and that
9 the continuation of such supplies is necessary to carry
10 out the objectives of the Act; or

11 “(2) that under ceilings on products resulting from

1 the processing of agricultural commodities, including
2 livestock, which allow a generally fair and equitable
3 margin for such processing, certain high-cost processors
4 will be unable to maintain production, and that con-
5 tinued supplies from such processors are necessary to
6 carry out the objectives of the Act; or

7 “(3) that an increase in cost of production, distri-
8 bution, or transportation is temporary in character and
9 threatens to impair maximum production or supply in
10 any area at stable prices of any materials,

11 he may make provision for subsidy payments on any
12 domestically produced material in such amounts and in such
13 manner (including purchases of such material and its resale
14 at a loss without regard to the limitations of existing law),
15 and on such terms and conditions, as he determines to be
16 necessary to insure that supplies from such high-cost sources
17 or processors are continued, or that maximum production
18 or supply in such area, at stable prices of such materials
19 is maintained, as the case may be.”

20 (b) Such section is further amended by redesignating
21 subsections (c) and (d) as subsections (d) and (e).

22 Change succeeding section numbers to conform.

82^d CONGRESS
1ST SESSION

S. 1717

AMENDMENT

Intended to be proposed by Mr. LERMAN to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

JUNE 26 (legislative day, JUNE 21), 1951
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S. 1717

IN THE SENATE OF THE UNITED STATES

JUNE 26 (legislative day, JUNE 21), 1951
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. LEHMAN (for himself, Mr. DOUGLAS, Mr. MOODY, Mr. BENTON, and Mr. PASTORE) to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, viz: On page 3, between lines 4 and 5, insert the following:

1 ADVISORY GROUP

2 SEC. 5. Section 703 of the Defense Production Act of
3 1950 is amended by adding at the end thereof the following
4 new subsection:

5 “(c) In the formation of policies under this Act and in
6 the administration of such policies, the President shall, inso-
7 far as practicable, consult, advise with and utilize representa-
8 tives of businessmen, farmers, workers, and consumers.”

9 Redesignate succeeding sections accordingly.

82D CONGRESS
1ST SESSION

S. 1717

AMENDMENT

Intended to be proposed by Mr. LEHMAN (for himself, Mr. DOUGLAS, Mr. MOODY, Mr. BEN-
TON, and Mr. PASTORE) to the bill (S. 1717)
to amend and extend the Defense Production
Act of 1950 and the Housing and Rent Act
of 1947, as amended.

JUNE 26 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

Calendar No. 448

82^D CONGRESS
1ST SESSION

S. 1717

IN THE SENATE OF THE UNITED STATES

JUNE 26 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. WHERRY to the bill (S. 1717)
to amend and extend the Defense Production Act of 1950
and the Housing and Rent Act of 1947, as amended, viz:
In the proper place insert a new section as follows:

- 1 SEC. . That title VIII of the National Housing Act,
2 as amended, is hereby amended—
3 (a) By striking out of section 803 (a) “July 1, 1951”
4 and substituting therefor “July 1, 1953”.

6-26-51—M

82D CONGRESS
1ST SESSION

S. 1717

AMENDMENT

Intended to be proposed by Mr. WHEAT to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

JUNE 26 (legislative day, JUNE 21), 1951

Ordered to lie on the table and to be printed

DIGEST

OF

CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued June 27, 1951
For actions of June 26, 1951
82nd-1st, No. 114

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HIGHLIGHTS: House debated farm-labor bill. House committee reported measure to make appropriations available pending enactment of regular bills. Senate debated defense-production bill. Senate confirmed nomination of Rose as Assistant Secretary of Interior.

NOTE: Senate hearings on the Agricultural Appropriation Bill are scheduled to begin July 5.

HOUSE

- 1. FARM LABOR.** Began debate on H. R. 3283, to provide for importation of Mexican farm laborers under certain conditions (pp. 7317-44). Rep. Celler moved to strike out all of the bill after the enacting clause, but the motion was ruled out of order (p. 7338). Rep. Polk offered an amendment to substitute the language of the Senate bill, S. 984, for the House committee version, but part of this substitute was ruled out of order because it had a broader coverage (regarding immigration) than farm labor (pp. 7338-40). Rep. Polk then submitted the same amendment with the questionable provision eliminated (pp. 7340-4). Later Rep. Celler offered an amendment to the Polk amendment, restoring the stricken language in a modified form (p. 7344).
- 2. TEMPORARY APPROPRIATIONS.** The Appropriations Committee reported without amendment H. J. Res. 277, "making temporary appropriations for the fiscal year 1952" (E. Rept. 655) (p. 7354). It is understood that the measure would make appropriations available, beginning July 1, on the basis of the smallest amounts of (1) the House figures, (2) the Senate figures, or (3) the Budget estimates, but that it would not provide for effectuation of the Jensen amendment (limiting the filling of vacancies) or the Ferguson amendment (providing a 10% cut in personnel) during this temporary period. The measure would be in effect only until the regular appropriation bills are enacted.
- 3. INFLATION.** Rep. Eberharter inserted and commended Eric Johnston's reply to charges that he has changed his position on emergency economic controls since he was President of the Chamber of Commerce (pp. 7351-2).
Rep. Vursell referred to increases in agricultural production and said they indicate that price and wage controls are not necessary (p. 7321).
- 4. DEFENSE PRODUCTION.** H. R. 3671 as reported (see Digest 113), extends the Defense Production Act of 1950 until June 30, 1952, and contains various other amendments to the act, some of which are as follows: Provides that no ceiling shall be es-

established or maintained for any agricultural commodity below 90 percent of the price received by producers on May 19, 1951, as determined by the Secretary of Agriculture. Provides that the parity price of the agricultural commodity shall be the price established at the beginning of the marketing season or year for that commodity. Makes the present pricing criteria for ceilings on fluid milk applicable to all milk in areas not under Federal marketing agreements. Provides that equitable treatment shall be accorded to all processors as well as to producers when ceilings are established or modified on agricultural commodities. Requires the President to advise and consult with, and establish and utilize, committees of representatives of interested groups under the price-control program.

Prohibits the importation of any article or product manufactured from any raw material upon which domestic priorities or allocations are in effect. With regard to the prohibition on the purchase of foreign agricultural commodities, except for stockpiling, provides that no domestically produced agricultural commodity purchased may be sold at less than the established ceiling price for such commodity, or, if no ceiling price has been established, the higher of the current domestic market price or the minimum CCC sales price. Authorizes differential subsidies for continuation of essential production and supply. Requires agreement with House and Senate Armed Services Committees for the acquisition of real property for use of the military services.

Provides the following restrictions for regulation of consumer credit by the Federal Reserve Board: New automobiles, one-third down, 18 months' maturity; used automobiles, one-fourth down, 18 months' maturity; household appliances (including phonographs, radios, and television sets), 15 percent down, 18 months maturity; household furniture and floor coverings, 10 percent down, 21 months maturity; residential repairs, alterations, and improvements, 10 percent down, 36 months' maturity. Provides that no down payment exceeding 6 percent shall be required for the purchase of homes costing \$12,000 or less, when the mortgage is guaranteed under the GI Bill.

Authorizes the President to dispense with any statistical work in which any department or agency is directed to engage by another provision of law.

Creates a Small Defense Plants Corporation with authority to recommend small business loans to RFC to enable small firms to expand or convert their plants, engage in developmental and experimental work, or obtain working capital. The corporation would also have a revolving fund to buy or lease facilities or equipment and in turn sell or lease them to small businesses.

Extends rent control until June 30, 1952, and authorizes 20 percent increases in rent over the June 30, 1947 level and recontrol in defense areas.

SENATE

5. DEFENSE PRODUCTION. Continued debate on S. 1717, to extend and amend the Defense Production Act of 1950 (pp. 7278-307). Sens. Moody and Maybank discussed with others the beef-price rollbacks and price ceilings on cotton (pp. 7282-90). Sen. Williams criticized the price-support program, spoke in favor of his amendment to end price supports, and criticized the sale of CCC commodities to foreign countries (pp. 7288-9, 7300-7).

Agreed to a limitation on debate on the bill as follows: 2¹/₂ hours on the bill, equally divided; 1 hour on Douglas amendment eliminating the section limiting price rollbacks; 1 hour on Dirksen rent-control amendment or on any amendment thereto; 50 minutes on O'Mahoney amendment regarding dispersal of defense plants; 30 minutes on any other germane amendment or motion; and 1 hour on final passage of the bill (pp. 7299-300).

S. 1717 as reported (see Digest 111), would amend the Defense Production Act of 1950 as follows: Extends title I (priorities and allocations), title II

(authority to requisition), title III (expansion of productive capacity and supply), and title VII (voluntary agreements and administrative authority) until June 30, 1953, but such titles would be effective after June 30, 1952 only to the extent necessary to carry out contracts entered into prior to July 1, 1952. Extends title IV (price and wage stabilization), title V (labor disputes), and title VI (credit controls) through February 29, 1952.

Prohibits rollbacks which take effect after the enactment of the bill and which roll the price below the price prevailing during the period from Jan. 25 to Feb. 24, 1951.

Provides that no more than 1/3 down payment and not less than 18 months for maturity of loans may be prescribed by Federal Reserve in regulating credit for automobiles.

The bill also amends the Housing and Rent Act of 1947 to extend rent controls until Feb. 29, 1952, with authority for recontrol and housing credit relaxation in defense areas and for recontrol in other areas by local governing bodies. It would also authorize 20-percent increases above the War II levels, and transfer authority for the control of rents to the Economic Stabilization Agency.

6. **NOMINATIONS.** Confirmed the nominations of Robert R. Rose, Jr. to be Assistant Secretary of Interior, and John W. Snyder to be Governor of the International Monetary Fund (p. 7308).
 7. **WHEAT MARKETS.** Sen. Langer inserted a constituent's letter favoring his (Sen. Langer's) resolution providing for an investigation of wheat and other grain markets to determine the reason for low prices in certain areas (p. 7265).
 8. **INFORMATION; FOREIGN AFFAIRS.** Sen. Benton inserted and discussed various comments and newspaper editorials on the effectiveness of the U. S. foreign information and educational exchange program (pp. 7266-72).
- BILLS INTRODUCED**
9. **IMPORT CONTROLS.** H. R. 4606, by Rep. Andresen, Minn., to control imports of fats and oils, oil-bearing materials, peanuts, butter, cheese and other dairy products, and rice and rice products; to Banking and Currency Committee (p. 7354).
 10. **DEFENSE PRODUCTION.** H. R. 4606 and H. R. 4607, by Rep. Martin, Iowa, to amend the Defense Production Act of 1950; to Banking and Currency Committee (p. 7354).
 11. **GOVERNMENT ETHICS.** H. Con. Res. 128, by Rep. Bennett, Fla., H. Con. Res. 129, by Rep. Hale, Maine, H. Con. Res. 130, by Rep. Lanham, Ga., H. Con. Res. 131, by Rep. Battle, Ala., and H. Con. Res. 132, by Rep. St. George, N. Y., providing a code of ethics for Government service; to Post Office and Civil Service Committee (p. 7354). Remarks of Rep. Bennett (pp. 7345-7).
 12. **APPROPRIATIONS COMMITTEE.** S. Res. 162, by Sen. McKellar, to provide \$10,000 additional for investigations by the Appropriations Committee; to Rules and Administration Committee (p. 7265).

ITEMS IN APPENDIX

13. **FARM LABOR.** Rep. McCarthy, Minn., inserted 2 newspaper editorials opposing the importation of farm labor from Mexico (p. A4061).
14. **FARM INCOME.** Rep. Dolliver, Iowa, inserted a table listing incomes of agricul-

tural counties in Iowa (pp. A4032-3).

15. DEFENSE PRODUCTION. Extension of remarks of Rep. Heller, N. Y., urging continuation of emergency controls (pp. A4052-3).
Rep. Patterson, Conn., inserted his recent radio address and several newspaper editorials, and letters from constituents criticizing the proposed amendment to the Defense Production Act which would disperse industrial plants of the Nation (pp. A4070-1; A4071-4).
16. MEAT PRICES. Rep. Dolliver, Ia., inserted a letter from Edward Oppedahl (Iowa General Assembly) opposing the beef-price rollback order (p. A4070).
Extension of remarks of Rep. Multer, N. Y., favoring beef-price rollbacks and including a Nation's Business article describing the attitude of cattle producers toward meat prices (pp. A4078-80).
17. PRICE CONTROLS. Sen. Bridges inserted an article by Aled P. Davies opposing price controls (pp. A4047-8).
18. GOVERNMENT ETHICS. Rep. Lane, Mass., inserted a Boston (Mass.) Pilot article favoring the establishment of a code of ethics in the Government (p. A4031).
Rep. Bennett, Fla., inserted a proposed resolution, endorsed by Members of Congress, providing a code of ethics in the Government (p. A4035).
19. RIVER BASIN DEVELOPMENT. Rep. Jackson, Wash., inserted H. A. Parker's (Bureau of Reclamation) two addresses outlining the development of the Columbia River Basin project (pp. A4038-9).
20. TAXATION. Extension of remarks of Rep. Dague, Pa., opposing increased taxes and urging reduction in non-essential expenditures (pp. A4039-40).
Rep. Wolverton, N. J., inserted Paul O. Peters' article, "Truman Administration Biggest Revenue Collector of All Time" (p. A4051).
Rep. Shafer, Mich., inserted a Chicago Tribune article opposing H. R. 4473, the new tax bill (p. A4052).
21. FLOOD CONTROL. Sen. Carlson inserted A. Q. Miller's article favoring increased development of flood-control and soil conservation programs (pp. A4046-7).
22. RECLAMATION. Rep. Poulson, Calif., inserted Ray Tucker's article criticizing passage by the Senate of S. 75, authorizing the central Arizona reclamation project (pp. A4066-7).
Rep. Poulson, Calif., inserted a Fresno (Calif.) Guide editorial criticizing the Bureau of Reclamation for water distribution problems of farmers in Delano, California (p. A4082).
23. ELECTRIFICATION. Rep. Jackson, Wash., inserted a Pacific Northwest Public Power Bulletin article opposing cuts in appropriations for Pacific Northwest power programs (pp. A4033-5).
Sen. Magnuson inserted a National Popular Government League (Wash., D. C.) bulletin criticizing reductions in appropriations for power projects (pp. A4057-60).

oOo

COMMITTEE HEARINGS ANNOUNCEMENTS for June 27: S. Post Office, U.S. employees' leave; H. Agriculture, Sugar Act extension and amds. (Myers to testify); H. Post Office, Federal pay legislation; H. Rules, temporary appropriations; H. Foreign Affairs, foreign-aid authorization; S. Finance, tax revision bill; S. Labor and Public Welfare, ethics in Government; conference, Labor-FSA appropriations (ex.).

- oOo -

cost for public assistance is approximately \$1,250,000,000 annually.

2. Is there any provision in the amendment which requires or assures that the needy individual will receive the additional Federal funds?

No; there is not.

3. Does all of the additional Federal money need to be passed on to the recipient or can the money be saved by the State or be used to put additional persons on the assistance rolls?

The State is free under the amendment (1) to pass all or part of the additional Federal money on to the individual, (2) to save all or part of the additional Federal money, (3) to put additional persons on the rolls, or (4) any partial combination of these three policies.

This can be illustrated, in part, by the following examples:

A State paying \$40 to an aged individual can increase the payment to \$45. In this case the Federal share of \$25 is increased to \$30, and the State share of \$15 remains the same.

But if the State wished to save all the Federal money, it could keep the payment to the individual at \$40, in which case the State share would be reduced to \$12.50, a saving of \$2.50 a case, while the Federal share would be increased \$2.50 a case to \$27.50.

Alternatively, a State could increase the total payment to an individual to \$43, an increase of \$3, which would result in a State share of \$14, a decrease of \$1, while the Federal share would be \$29, an increase of \$4.

As an example of how a State can add additional persons onto the rolls without increasing its own costs, assume that the State is now paying 100 persons \$40 a month, of which the Federal share is \$2,500; the State share is \$1,500. If the State divided its \$1,500 by paying \$12.50 to 120 cases, the Federal share would be increased to \$27.50 each or a total of \$3,300, or \$800 more in total Federal funds.

Based upon the experience of similar amendments in 1946 and 1948, it requires about one full year for recipients to get the full benefit of the additional Federal funds. In some States it takes even longer. In the meanwhile, a portion of the additional Federal cost is merely a replacement of State and local funds.

4. Is the Federal share also increased for Puerto Rico and the Virgin Islands?

No.

If there are any additional facts you wish, please let me know.

Sincerely yours,

WILBUR J. COHEN,
Technical Adviser to the Commissioner for Social Security.

Mr. LEHMAN. Mr. President, in the second place I may state to the Senate that, as the majority leader knows, my interest in this question is to see that the beneficiaries receive a larger allotment, a considerable part of which, of course, is paid by the Federal Government. Under the amendment of the Senator from Arizona as it stands, if a State making an allotment of \$40 wishes to "save" all the Federal money, it could keep the payment to the individual at \$40, in which case the State share would be reduced to \$12.50—a saving of \$2.50 a case, while the Federal share would be increased \$2.50 a case to \$27.50.

I want to make certain that if the Federal Government makes this further large grant to the States—

Mr. McFARLAND. The Senator does not call \$5 a large grant, does he?

Mr. LEHMAN. No. I am talking about \$256,000,000 representing the additional share of the Federal Government.

Mr. McFARLAND. I understand.

Mr. LEHMAN. If the Federal Government makes this grant to the States on a matching basis of some kind, I want to make certain that the beneficiaries will receive a very substantial portion of the additional funds which are made available by the Federal Government.

I wonder whether the distinguished majority leader could include in his motion a direction to the Finance Committee to make certain that there would be (a) no diminution of funds provided by the States and (b) an increase in the benefits which flow to the recipient from the State and Federal funds. I think it is most important that the beneficiaries be benefited by the action which may be taken. I am not interested in saving the States money. I want to make sure that the needy persons who are getting this meager and totally inadequate allotment will receive a greater benefit from these funds.

Mr. McFARLAND. I may say to my friend that the Senator from Massachusetts [Mr. SALTONSTALL] has stated the difficulties. It is very difficult to draft an amendment such as this. I think that a study of the record will disclose that the needy people have received these benefits. I myself do not believe that any State officials could remain in office if they were to take this money simply to reduce their State taxes. I believe the needy people will receive benefits from the Federal payments.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. McFARLAND. I yield.

Mr. MILLIKIN. Our State puts up more than its share of the money. That is neither here nor there. What I want to suggest to the distinguished Senator from New York is that there ought not to be any limitations placed upon the instructions to the Finance Committee.

Mr. McFARLAND. We can take care of that on the floor if the job is not properly done in committee.

Mr. LEHMAN. Mr. President, continuing my reservation—and I do not intend to object—may I ask the majority leader whether, if the bill when reported from the Finance Committee does not provide increased benefits to the beneficiaries of public assistance, he will think it is bad faith on my part if I oppose the report and fight against it as hard as is possible? I do want to make certain that the beneficiaries receive more liberal treatment than they are receiving today.

Mr. McFARLAND. I will say to my good friend from New York, in all sincerity, that I do not believe there is a Member of this body who has a kinder feeling toward the people who need help than has the Senator from New York. I know that he is sincere in what he is saying, and that he wants to help the people who need help. If I did not feel that this amendment would accomplish the desired purpose, I would not have proposed it. However, I am willing

to have the committee give further consideration to the project. I hope the Senator from Ohio will be convinced before final action is taken. That is one reason why I was willing for the Senator from Ohio to have more time to study the question. I want him with us in helping to put through this worthy legislation.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arizona?

Mr. JOHNSON of Colorado. Mr. President, reserving the right to object—and I shall not object—I wish to compliment the Senator from Arizona for the fight which he has consistently made to increase the assistance to these forgotten people and improve their welfare. I refer to the aged, the blind, and the orphans. I do not believe that anyone can go too far in his concern for those people. I appreciate what the Senator from Arizona has done in past years, and what he is attempting to do by this proposed legislation. So reluctantly I agree with the purpose now to postpone consideration for 2 weeks and send the bill to the Committee on Finance.

I agree with what has been said by my colleague [Mr. MILLIKIN], that no strings should be tied to what the Finance Committee does with the bill, because the Finance Committee has made a long study of this kind of legislation and is well informed on it. It is capable of dealing with it in an intelligent way, and with good judgment, I believe. When the bill returns to the Senate, within 2 weeks, I feel that the Senate may expect a bill which all Senators can support.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arizona?

Mr. LANGER. Mr. President, reserving the right to object, I invite the attention of Senators to the fact that sometimes chickens come home to roost.

Only last week the distinguished Senator from South Carolina [Mr. JOHNSTON], chairman of the Committee on Post Office and Civil Service, pleaded with tears in his eyes that leave for Government employees be not reduced from 26 days to 20 days. He stated that a committee had been considering the subject for a long time, and was almost ready to report. He called attention to the further fact that an employee who had worked a long time for the Government might be entitled to more leave than one who had worked for only a year or two.

At that time, nevertheless, the Senate, with the distinguished Senator from Ohio voting for the proposal, took the matter out of the hands of the committee and legislated upon the floor of the Senate, providing for 20 days' leave instead of 26 days. The result was that the Committee on Post Office and Civil Service might just as well not have existed.

Coming to this specific question, I remember that in 1946 the senior Senator from North Dakota called attention to the fact that North Dakota was the

first State in the Union to have old-age pensions. That was long before we ever heard of Dr. Townsend. At that time it was said, "We are not going to pass upon the question today. We are going to refer it to a special committee." A special committee was named, consisting of two of the most distinguished Members of this body. That was the last we heard of the subject for an entire year.

I agree with everything the distinguished Senator from Arizona and the distinguished Senator from New York have said relative to the need on the part of these poor people for an additional \$5 a month.

Mr. President, I object.

The VICE PRESIDENT. Objection is heard.

The question is on agreeing to the motion of the Senator from Ohio [Mr. TAFT] to reconsider the vote by which House bill 2416 was passed. [Putting the question.]

The Chair is in doubt.

Mr. McFARLAND. Mr. President, may I ask the distinguished Senator from North Dakota if he will withhold his objection for a moment?

Mr. LANGER. Mr. President, I have no objection to being outvoted, but I will not withdraw the objection. It is a matter of principle with me. If, for example, we can take away the power of the Committee on Post Office and Civil Service, why not abolish it and be through with it? After a committee has worked for many months, as did the Committee on Post Office and Civil Service, the Senate comes along and arbitrarily wrecks everything it has done. So far as I am concerned, I will not withdraw my objection to the unanimous-consent request.

The VICE PRESIDENT. The Senator from North Dakota objects.

The question is—

Mr. GEORGE. Mr. President, I hope the Senate will agree to the motion to reconsider the bill, in view of the objection and in view of the willingness of the distinguished majority leader to have the bill reconsidered. This is not a new subject with the Finance Committee.

The VICE PRESIDENT. The Chair suggests to all Senators that if the motion to reconsider is agreed to the Senate may then refer the bill to the committee with instructions to report back in accordance with the unanimous-consent request of the Senator from Arizona.

Mr. GEORGE. Mr. President, the committee is entirely willing to report back within a reasonable time. Possibly 2 weeks is a little short, in view of the fact that we must undertake the consideration of a tax bill. However, we can make a report within 2 weeks. We have studied this question. The question was before the Finance Committee last year, and we gave 6 months' study and consideration to it.

This proposal, so far as the amendment is concerned, is simply to have the Federal Government pay four-fifths of the appropriation for these particular beneficiaries. That is not fair to the Federal Government. It is perfectly

ridiculous that the States themselves do not shoulder an equal share of this burden. But we did not so arrange it. We now pay a disproportionate part of the burden.

The committee is entirely willing to make its report promptly, and within 2 weeks. I hope very much that the motion to reconsider the vote by which the bill was passed will be agreed to, so that the bill may go back to the committee.

The VICE PRESIDENT. The Chair will put the question again. The question is on agreeing to the motion of the Senator from Ohio [Mr. TAFT] to reconsider the vote by which House bill 2416 was passed.

The motion was agreed to.

Mr. McFARLAND. Mr. President, I now move that the bill, as amended, be recommitted to the Committee on Finance, with definite instructions to report it back to the Senate, in accordance with the unanimous-consent agreement which I have propounded, within 2 weeks.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Arizona. [Putting the question.] The "ayes" have it, and the bill is recommitted to the Committee on Finance with instructions.

ANNUAL ASSESSMENT WORK OF MINING CLAIMS

Mr. O'MAHONEY. Mr. President, I ask unanimous consent for the present consideration of Calendar No. 460, Senate bill 1726, to change the date for the beginning of annual assessment work on mining claims held by location in the United States, including the Territory of Alaska, from the 1st day of July to the 1st day of November and to extend the time during which annual assessment work on such claims may be made for the year beginning July 1, 1950, to the 1st day of November 1951.

No objection was raised to the bill in committee. It was unanimously reported by the committee. I have consulted with the minority members of the committee and I have also consulted with the minority leader. I am certain that no objection will be made to the immediate consideration of the bill.

The PRESIDING OFFICER (Mr. STENNIS in the chair). Is there objection?

Mr. WHERRY. Mr. President, reserving the right to object, I have been absent from the floor for a few minutes. I wonder if it would be necessary to have a quorum call.

Mr. O'MAHONEY. I am quite certain that it will not be necessary to have a quorum call. As I say, the Committee on Interior and Insular Affairs was unanimous in voting to report the bill.

The bill deals solely with the problem of doing \$100 worth of assessment work upon mining claims during each year. The Senate has heretofore passed similar bills.

Mr. WHERRY. I understand. I shall not insist on a quorum call. I should like to invite the attention of the Senate to the situation in which we found ourselves in connection with the last bill. A motion was made to reconsider the action of the Senate in passing the bill. It

resulted from the generosity of the minority leader in permitting a bill to pass without having a quorum call. I believe a quorum call should be had before action is taken on a unanimous-consent request to consider a bill. I have been assured by the distinguished Senator from Colorado [Mr. MILLIKIN] that the minority members of the committee were unanimously in favor of reporting the bill; therefore, I withhold my suggestion of the absence of a quorum. However, if a Senator should come in later and make a request to reconsider the action by which the Senate passed the bill, I wish the Record to show that the junior Senator from Nebraska, acting as the minority leader, attempted to protect the rights of any Senator who may later wish to move to reconsider the action of the Senate on the bill.

Mr. O'MAHONEY. I thank the Senator for his comment.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 2324 of the Revised Statutes, as amended, is further amended by striking out "1st day of July" and inserting in lieu thereof "1st day of November."

SEC. 2. The amendment made by the first section of this act shall be effective as of 12 o'clock meridian, 1st day of November 1951, and for the purposes of section 2324 of the Revised Statutes the period from 12 o'clock meridian, July 1, 1951, to 12 o'clock meridian, 1st day of November 1951, shall be considered part of the period commencing at 12 o'clock meridian, July 1, 1950.

EXTENSION OF DEFENSE PRODUCTION, AND HOUSING AND RENT ACTS

The Senate resumed the consideration of the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

Mr. McFARLAND. Yesterday, when the Senator from South Carolina suggested securing a limitation on debate with reference to the defense-production bill the distinguished minority leader suggested that it be proposed at this time. I understand that some Senators who are interested in the bill are not present, and therefore I shall not propound the request at this time. I am very hopeful that we shall be able to enter into such a unanimous-consent agreement. I may say that in the Democratic caucus this morning I was instructed to try to work out a unanimous-consent agreement limiting debate. I am certain that the minority leader will cooperate with me in that regard, as he always has cooperated with me. As soon as he is able to do so I would appreciate his conferring with me on a proposed unanimous-consent agreement to limit debate.

Mr. WHERRY. I can inform the majority leader now that there are two Senators on this side of the aisle who would like to speak generally on the bill, as I presume the Senator from Michigan is about to speak on it now. I am not certain that it would be necessary to

provide more than 30 minutes for that purpose. As soon as I am informed I shall confer with the majority leader. So far as the minority is concerned, we shall be willing to limit debate.

Mr. McFARLAND. Even if we agree to limit debate beginning tomorrow morning it would be of some help.

Mr. WHERRY. I am satisfied that after the two speeches have been delivered there will be no difficulty in entering into a limitation of debate, at least with respect to amendments.

Mr. MOODY. Mr. President, at the outset of my remarks I should like to say that I shall decline to yield until I have completed the prepared portion of what I have to say, for two reasons: First, we are faced with a matter of time, which has been pointed out rather forcefully by the distinguished chairman of the Committee on Banking and Currency [Mr. MAYBANK], and I do not want to take any more time than I believe to be necessary. In the second place, by yielding, as I would certainly be inclined to do under normal circumstances, the continuity of my thought as it would appear in the RECORD would be utterly destroyed. Therefore, as I have said, I shall decline to yield until I have finished my remarks, at which time I shall be very glad to yield to any Senator for any questions he may put to me, and shall endeavor to answer them so far as I am able to do so.

Almost exactly a year after the day of the invasion of Korea by the Red hordes from the north, what purports to be an offer to negotiate a peace is made by our Communist enemies.

Good people everywhere who love peace and freedom will pray to God that there is a measure of sincerity in this overture from the Kremlin and from Peiping.

But, Mr. President, I believe the people and the Congress of the United States must be alert to the danger that this Soviet move regarding Korea, whether it culminates in a successful cease-fire or not, may be an effort to induce the American people to relax their vigilance, to fail to do the things we must do to protect our security, to fail specifically either to continue the military build-up at home and abroad, or to adequately renew the anti-inflation law now before us.

In my judgment, America will not be safe, the American people dare not relax, until there is dependable proof of a real reversal of basic position in the Kremlin. Until then we must proceed with our program of strengthening our military forces, and our economic, political, and psychological efforts abroad, whatever happens in Korea.

Since we must go forward with our program for strengthening our military forces, Mr. President, a program which able Senators on both sides of this aisle have so firmly supported, then, in my judgment, we must be sure that the very process by which we prepare to preserve our Nation from the external danger of Red aggression is not permitted to turn loose the destructive and dislocating forces of inflation within our borders.

That—if we let it destroy our economy from within—would be playing into the hands of Stalin as thoroughly, and almost as painfully, as thought we failed to prepare ourselves militarily and left ourselves vulnerable to attack from without.

I do not question the motives of any man on either side of this aisle as to the means or purposes we take to secure the internal structure of our Nation and of our free incentive system. We are all seeking the same thing—peace, and a stable, prosperous Nation.

But I submit, Mr. President, that the facts of economic history have amply proved that in a period when from \$38,000,000,000 to \$50,000,000,000 worth of our production each year is to be transferred from civilian to military goods, we cannot permit our economy to operate without a steering wheel and a good set of brakes.

In my judgment, it would be reckless in the extreme to move into the crucial period that lies ahead without a firm, direct, effective and well-administered check on prices and wages, which are the parts of our economic system which affect the consumer most closely.

It has been argued on the Senate floor and elsewhere that direct controls prevent the greater production which we all agree must be the ultimate solution to inflation. The facts do not bear out this contention.

In 1943, at a time when full price and wage controls were in effect, industrial production in America reached a level higher than at any time before or since. That, of course, was not because we had controls; but the controls did not prevent it.

None of us like controls. We all know that the things that have made America great are brains and skill and determination and industrial know-how, all of which operate best when they are free and have the maximum incentive.

But we cannot operate our economy if the value of the dollar is to be allowed to plummet downward because of the distortions which must result when so great a proportion of our total production is removed from the normal consumer markets. In these times we must make sure that our dollar is held as stable as we can hold it, so that our taxes will not rise out of sight; so that the business structure will not be distorted; so that our working people will not be caught in a vortex of rising prices which wages could never catch; so that our farmers will not be ruined by an ultimate deflation; and so that our white collar workers and our old people and others living on fixed incomes will not be squeezed cruelly in the vise of needlessly higher prices.

It is argued that the way to keep prices down is by greater production. In normal times this is true; but when we are lifting tens of billions of dollars worth of goods out of the markets for the purpose of making ourselves militarily strong, it is illogical and absurd to contend that the supply can be adequate immediately to take care of demand in sufficient degree to keep the economy stable.

The program of the Government, as outlined by Charles E. Wilson, the Mobilization Director, and others, is to increase production to such a degree that in approximately two years we shall have enough military goods to meet the requirements of the global threat of aggression, and also enough civilian goods so that the markets can take care of themselves through the normal workings of supply and demand.

Therefore, Mr. President, we must protect our country against the vicious spiral of prices such as was already on the move in December 1950, and January 1951, before the tentative stabilization was imposed January 25.

I agree with those who say, as Senators on both sides of the aisle said yesterday, that this freeze was delayed too long. I think it should have been ordered more quickly. But I also agree with the estimable, hard-working chairman of this committee, for whom I have the highest regard, the Senator from South Carolina [Mr. MAYBANK]—who, I may say, conducted the hearings every day for six weeks, and heard many witnesses on this subject—that two wrongs do not make a right, and that we should not compound the injury.

I would point out, however, that in delaying, the Government was giving a thorough trial to the economic theory of those who say that direct price and wage controls are not necessary in this emergency. It was giving this machinery a trial at a time before the real impact of military production had hit the economy, as indeed it has not yet fully hit.

As part and parcel of this trial, the Government made a plea directed to the patriotism of the people with things to sell, and many businessmen responded to this plea. Others did not respond. The result, as figures on price movements now in this RECORD will show, was a highly uneven and violently distorted increase in prices. That is something that all of us know.

I am sure it is the purpose of the Senate, as it works toward renewing the present authority to control the economy, to pass a bill which will in fact be workable and will be a stabilizing weapon in the hands of the men who have answered their country's call to lead this fight against inflation.

But I fear this would not be the case should the bill before us today be passed in its present form. I am supporting the Douglas amendment. If it is adopted, I think the bill will be workable. However, at the present time the bill contains an amendment which six members of the committee hold to be violently inflationary. It is a section banning further roll-backs of prices.

If the committee majority's purpose were merely to restrict further roll-backs on meat, their amendment would burn down the house to roast the pig.

It would not alone kill the previously programmed beef order, but would change the entire basic structure of the entire stabilization program.

It would freeze distortions, which have occurred since the Korean invasion, into the economy by law.

It would prohibit passing on to the consuming public great savings as the prices of raw materials drop; and it would blast open the wage-stabilization formula which was established only after months of difficult and delicate negotiations.

When the price of an article today represents its pre-Korean base price, plus increase in labor and material costs, plus the reasonable pre-Korean profit margins, no one is going to try to roll that price back. Is that not the fair yardstick? Many businessmen adhered to it.

But others did not. They profiteered at the public's expense at a moment when American men were dying on the battlefield to establish the principle that aggression does not pay and an aggressor cannot get away with it. Is Congress now to say: "You who ignored the plea of the President of the United States to hold your price mark-ups to reasonable levels, you who thought it was 'the American system' to soak the consuming public when the fires of inflation you were helping to kindle could burn out the free-incentive system within which you operate, are now to have your gouging prices condoned and frozen into the economic structure by law?"

Are we to say to those who held the line: "You men who responded to a patriotic appeal by your Government, you who have a greater sense of public responsibility, were foolish, and Congress will not protect you"? Are we going to put a penalty on the public spirit and patriotism and response to the public interest of these men? It would appear so, for the majority report of this committee, on page 18, in effect directs the Price Administrator not to adjust their prices.

The issue in this amendment, as it is written, boils down to this, even though the distinguished Senators supporting the antiroll-back amendment of course did not mean it so: The consumers versus the profiteers.

Eric Johnston, the economic stabilizer, is convinced that the increases which would be forthcoming as a result of the necessary upward adjustments would boost the cost of living by at least 6 percent. Six percent may not seem to be very much of an increase, Mr. President, but of course it would automatically bring a resulting rise in the wages of organized workers, under the lawful wage stabilization formula, and that in turn would boost the entire cost structure of industry—increasing the prices of things farmers buy, jacking up food prices, and launching the economy again on the swirling upward spiral which the Johnston-DiSalle order checked on January 25.

Actually, so far as the stabilization program is concerned, this amendment merely makes certain that prices can move in only one direction—up!

It also sets in motion a chain of events making it inevitable that they move.

It is ironic that Congress should be considering such a blow at the stabilization system, now that the impact of military production is about to strike and the inflationary danger is increasing, for it was Congress that last year first

moved toward the very sort of steering wheel for the economy which its action now may cripple or destroy.

Mr. Johnston and Mr. DiSalle are endeavoring, by a twin cost-price formula, to squeeze some of the profiteering out of the price structure. They work from the base of normal price-cost relationships that existed before Korea, and they declare that in fixing his prices, any manufacturer may add cost increases for both materials and labor since that date.

Mr. President, when prices have been boosted sharply beyond this level, ceilings are being set to see that the public is not overcharged. I should like to ask, what is wrong with that? A roll-back does not happen to businessmen who respond to the President's antiprofit-eering plea. It does happen to those who ignored the request.

Now in the works at OPS are roll-backs in clothing, shoes, and other necessities. In prospect are other reductions which promise to eventuate from the Government's own action in forcing down the world price of important materials such as tin, wool, and rubber.

The fact is, Mr. President, that the prices of many essential items are too high today and should be rolled back.

One such item is beef. I believe it would be difficult to convince any housewife that the witness who appeared before our committee was right when he said that beef prices are "subnormal."

I realize of course that the meat industry is immensely complicated. I realize that the roll-backs may not be easy to accomplish. But since January 1950 there has been a 10-percent rise in wages, a 12-percent rise in the things farmers must buy, and a 15-percent rise in prices of food products generally. In the same period cattle prices have gone up 53 percent. Why? At no time has a clear, adequate answer to this question been made by anyone, so far as I have heard.

The Price Administrator is endeavoring to bring these prices back toward balance with other prices. He is trying to do it fairly, and I do not believe we should stop this effort.

I submit, Mr. President, that this amendment, on which the committee chairman yesterday predicted "great controversy" in this Chamber, contains ill-concealed threats against virtually every category of consumer and producer, and those threats may not have come to the attention of this body.

Seven of these ill effects on the Nation's economy are spelled out for all to examine in the committee report, beginning on page 27. I should like to say at this point that I believe the two reports issued by the committee, the majority report with which regarding the anti-roll-back amendment I disagree, and the minority views, are documents which I hope every Member of the Senate, and everyone else in the country who can get them, will read, because I think they do a remarkably good job of spelling out just what the problem is today. I already have referred to the certain general price increase to the level of the highest prices, and to the automatic upward revision of the wage sta-

bilization formula, as indicated by the testimony before the committee of Dr. George Taylor, Chairman of the Wage Stabilization Board.

The able Senator from Alabama [Mr. SPARKMAN] spoke yesterday about the authority conveyed in this amendment to impose a ceiling on farm prices even lower than the prices prevailing during the so-called freeze period of January 25—thus in effect permitting a roll-back in the event of future temporary deflationary fluctuations in agricultural prices.

Of grave concern to me is the prohibition apparent in this amendment on the passing on to the consumer of any declines in the prices of raw materials which may eventuate after the enactment of this bill banning roll-backs. By the way, the Senator from Illinois [Mr. DOUGLAS] yesterday pointed out that this amendment would prevent a roll-back of burlap prices in line with the reduction in the price of burlap which is imported. There appears to be a similar prohibition on the lowering of other import prices.

We have had numerous witnesses appear before our committee, testifying on various sections of this bill and sharing with us their knowledge of business and industry, marketing and processing, and we have given great weight to their observations and opinions.

But I wonder if we have given full consideration to the unrepresented consumers who have not been before us with counsel and prepared statements, and who do not have the financial backing which would enable them to come to Washington and to have representatives here. The consumers have no lobby and no lobbyists. They have no one to plead their cause save we ourselves, who have been sent here to represent them.

I shall be everlasting grateful to a young housewife in Grand Rapids, Mich., who wrote with the eloquence that can come only from the heart, and in her writing made all too evident to me the role that I must play in this debate. I should like to read briefly what she said:

We are a family of three, with another child due next fall. Our children deserve oranges, eggs, cod liver oil, warm clothes—yet, we, like many other young couples who cannot afford lobbyists in Washington, wonder how much longer we can buy these things.

Our grocery bill alone now takes half my husband's salary. That means a lot of figuring for housing, heat, insurance, and growing children's clothes. Even a new child is almost dreaded.

We are not helping inflation; we cannot afford necessities, much less luxuries. We are not saving either, although we long for the self respect a bank account gives.

Why don't our Congress investigate housewives and independent grocers instead of economists? Let your investigators figure out a way to feed a family nutritiously on \$80 a month without controls—and if they can't, please, please give us a tight lid on prices.

That, Mr. President, is typical of the letters we get from the people back home who are not represented by one organization or another, in Washington.

There is not a Senator in this Chamber who has not received, also, a huge volume of mail complaining of ever-mounting

taxes. Does it give us any pleasure to report that the \$7,000,000,000 brought in by last year's tax increase already has been thrown down the sinkhole of inflation because of the \$7,000,000,000 extra the Defense Department has already paid in higher prices?

Now the House has approved a new tax bill. Are these additional revenues to be dissipated in the same manner?

The issue before us is quite simple. The Congress can appropriate billions for armaments designed to make of us the strongest nation on earth. But if we permit the insidious leech of inflation to fasten onto our economic structure and drain away the lifeblood of our defense mobilization, then we shall be set up for a swift, telling blow from without, or a fatal pernicious anemia from within.

What is to be gained from the terrible, swift forging of a mighty array of armaments if the left arm is too weak to support the shield, and the right cannot wield the sword?

Are we to battle without stint—in a spirit of bipartisan realization as to the desperate goal—on the field of foreign engagement, only to succumb to destructive pressures in dealing with the economic ills which beset us within our own country?

To do so is to surrender bloodlessly to the enemy, offering him an easy victory with the weapon of his own choosing and on the battlefield of his own selection.

Shall we go ahead with our military preparations at home and abroad; shall we continue to work through the United Nations for a just decision in Korea and in the other troubled areas about the world; shall we continue with the economic uplifting of the impoverished nations with which someday we may conduct a flourishing trade; shall we continue with all the great aims which destiny has given us in this century—or shall we supinely surrender now to selfishness and greed and the un-Christian philosophy of every man for himself and let the devil, and Joe Stalin, take the hindmost?

That decision is the decision which must be made here and now. It is ours and ours alone to make. And the world is watching us.

Mr. McMAHON. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Connecticut?

Mr. MOODY. I yield to the distinguished Senator from Connecticut.

Mr. McMAHON. Mr. President, I should first like to say that I compliment the Senator upon his maiden speech in the Senate.

Mr. MOODY. I thank the Senator very much.

Mr. McMAHON. It is good for those of us who have been constantly engaged in the MacArthur hearings to have an opportunity now of learning something about this very important bill. Would the Senator tell me who appeared before the committee in opposition to the amendment which the Senator offered, for himself and, I believe, on behalf of five other Senators.

Mr. MOODY. The Senator asks who appeared before the committee?

Mr. McMAHON. Who appeared in opposition to roll-back provision? Is it called the Douglas amendment?

Mr. MOODY. The Douglas amendment is the amendment, as the Senator from Connecticut knows, which would take out of the bill, as it came from the committee, the ban on all roll-backs.

Mr. McMAHON. I am asking who appeared in opposition to that amendment. Did the committee not have testimony regarding that subject?

Mr. MOODY. There was testimony before the committee in support of the view that all price controls should be lifted. There was testimony by a number of representatives of large groups to the effect that such groups should be exempted.

Mr. McMAHON. If the Senator will permit, I may say that everyone is in favor of letting the wife's relatives make the sacrifices.

Mr. MOODY. Yes; that is so. There seems to be a disinclination by many people to have controls on their own part of the economy. I may say it was a somewhat disillusioning experience, even though I had been around the Capitol as a newspaperman for some time, to hear one group after another come forward and place testimony in the record which, in my judgment, appeared to me to have been formulated merely with the temporary, short-term, self-centered view of the present situation in mind, without undertaking the responsibility of realizing that if everyone got his own little advantage, if everyone received his own immunity, the entire structure within which we operate, the very system of free enterprise which means so much to those men who appeared before the committee, and to all the rest of us, might go up in flames and burn out our strength from within.

Mr. McMAHON. Does not the Senator agree that that approach is also used in connection with additional taxes? Everyone who comes before the Finance Committee to testify seems to agree that the budget must be balanced and that we must have more taxes, but says, "Of course, I am a special case. Do not put any more taxes on me."

Mr. MOODY. That is precisely the case. I am glad the Senator mentioned that, because gentlemen appeared before our committee who took the position that inflation could be controlled entirely by indirect methods. I might point out that Mr. Eric Johnston and others who testified pointed out that today a very vigorous attempt is being made in Canada to control inflation by indirect methods. Canada has a very heavy program of restriction on credit. As a matter of fact, a person has to pay 50 percent down in order to buy an automobile in Canada. There is a very heavy program of taxation, much heavier than our own. There is a general sales tax on nearly everything, amounting to 10 percent, and there is a 25-percent excise tax on automobiles. To buy a car in Canada one has to pay 50 percent down and a 35-percent ad valorem tax on the car. Yet, despite those and other very stringent indirect controls, prices in Canada have risen

even faster in the past 6 months or a year than have prices in the United States.

Some persons who appeared before the committee asking that title IV be stricken from the bill and that price and wage controls be eliminated entirely are the same persons, I might say, who appeared in 1946 and said at that time that if price controls were prematurely removed prices would adjust themselves downward and the economy would be stabilized. We all know what happened after the denouement in 1946.

In further reply to the Senator's question, it was brought out by some of the questioning by members of the committee that organizations whose representatives urged higher taxes were some of the same organizations who earlier had gone before the House Ways and Means Committee, from which tax bills emanate, and had testified that they would like to have heavier taxes, but, again, to be applied on someone else, "because we cannot take it."

I believe the fact is very clear that if we want to burn out our economy from within, if we want to subject the consuming public to higher prices, and if we want to risk the very sort of deterioration of our capitalistic system on which the Communists are counting and which Karl Marx said would happen, then we should take off the controls and spend \$50,000,000,000 a year on military production and see what happens to our prices and our economy.

I might add that I hope the Senator from Connecticut and all other Senators will read the majority report and the minority views on this bill, because as to this general principle there is no difference in our committee, as I understand, except as to one Senator. While there is a difference as to how we should accomplish the result, there is, with one exception, no difference between the members of the committee on the point that we cannot afford to lift price and wage controls at this time. It would be a national disaster if we did.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. MOODY. I yield.

Mr. LEHMAN. Is it not a fact that even though defense production has not reached its peak, by any means, prices for a long time have continued to rise perpendicularly, and is it not also a fact that starting 2 or 3 months from now our production of defense material will be at the rate of more than \$3,000,000,000 a month, from 50 to 75 percent higher than it is today? If that comes about, is it not inevitable that if we do not have controls, prices will skyrocket without limit?

Mr. MOODY. I believe the Senator is correct. In my judgment delay in the imposition of controls was a mistake. I believe the advice of Mr. Bernard Baruch, of New York, and of the Senator from Wyoming [Mr. O'MAHONEY], and others, should have been taken when they predicted what would happen and asked for more stringent controls after the Korean invasion. But I should like to point out to the Senator from New York that at that time the impact of the military production and the impact of

the withdrawal of consumer goods from the market had not even begun to be felt. There was speculation, and there was no authority in the law to regulate the speculation. Increases in prices were taking place, as I pointed out a little earlier, because there was not a response made to the President's plea that prices be controlled voluntarily. I should like to say to the Senator from New York that the very persons who are the most critical of the stabilization program, the very persons who have asked that controls now be removed, had an opportunity to see that the voluntary system would work had they established leadership in our private economy during the period when the President was calling on them to hold their price line.

As to the Senator's question regarding the greater danger of inflation in the months to come, the expenditure for military production, as the Senator well knows, will not really begin to rise rapidly until the late summer and fall, and, under the present program, it will continue to rise through the year 1952. Then will be the time when we must guard ourselves most firmly against the danger which has its beginning as of today. We shall be a very foolish nation, even if, happily, we reach a ceasefire in Korea, if we relax and go to the ball game thinking that the fight is over because it will not be over until the Kremlin changes its basic policy. Until that time shall come we had better not sit around any council tables with representatives of the Kremlin, like a weak man sitting opposite a bully. If we can bring the Korean War to a successful conclusion and stop the tragic slaughter that is going on there, I hope that we will not relax our efforts, but will continue with our programs, not only increasing our military strength, but also go ahead with such great programs as have been presented to the Senate by the Senator from Connecticut when he said that we must try to reach the minds and hearts of men in the world and let them see what freedom means and that theirs is threatened.

Mr. LEHMAN. I wonder whether the experience of the Senator from Michigan has been the same as mine. In my contacts with businessmen I have found that the small-business man is not opposed to controls.

Mr. MOODY. I think that is very true.

Mr. LEHMAN. He is in favor of them. I have found that the average independent businessman is not opposed to controls but is rather in favor of them. I have found that the representatives of the National Manufacturers Association and representatives of the great chambers of commerce are the ones who are trying to break down controls and open the way, without any handicaps at all, to uncontrolled inflation.

Mr. MOODY. I think the Senator's statement is correct, but I should like to say that I believe the great organizations to which he refers misrepresent not only small business but the better informed segments of big business. On a recent trip to Detroit I had a talk with some

businessmen who do not feel very happy about the presentations which have been made before the Senate committee by persons who purport to represent them.

I might also say that there is another thing about which I believe we should be very careful. There is a tendency to overcomplicate the situation and weigh down the small-business man with complex and intricate questionnaires. I believe that one of the most important things that can be done by the Government is to keep the program as simple as may be possible.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. MOODY. I yield to the Senator from South Carolina, the distinguished chairman of the committee.

Mr. MAYBANK. I compliment the Senator from Michigan on his statement about the unfortunately long rules and regulations which are promulgated. But I will ask the Senator if it is not true that the committee did not suggest most of those rules and lengthy orders, but that as a matter of fact the committee has repeatedly asked the Office of Price Administration and others to try to simplify the rules and regulations for the benefit of small-business men?

Mr. MOODY. The distinguished chairman is entirely correct, and I hope his great influence downtown will continue to be exercised to the end that there may be further simplification.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. MOODY. I yield for a question.

Mr. LONG. As a former member of the Committee on Banking and Currency, and as one who had to give up his place on that committee to go on the Committee on Armed Services, I noticed that the junior Senator from Michigan was one of the most faithful of the committee members, in his attendance on the meetings of the committee and in making a study of these matters and examining the witnesses. Certainly the information he has presented to us today should be most helpful because of the study he has made of the subject.

Mr. MOODY. I thank the Senator from Louisiana.

Mr. LONG. I compliment the Senator on the helpful presentation he has made. It will be helpful to me in arriving at what should be a proper conclusion and a proper vote on this question.

Mr. CARLSON. Mr. President, will the Senator yield to me?

Mr. MOODY. I yield to the distinguished Senator from Kansas.

Mr. CARLSON. I have enjoyed very much listening to the statement made by the distinguished Senator from Michigan in regard to food prices and controls. I was especially interested in his comments in regard to the roll-back on meat prices. Admittedly the price of meat is high. I think there is no question about that. However, I think the basis for the cost of meat is the amount that can be purchased by hours of labor. For the Record I should like to quote from one or two statements by the United States Department of Agriculture, dated April 25, 1951, as to the amount of meat that can be purchased by

1 hour of labor. Take, for instance, sliced bacon. In 1914, 1 hour of labor purchased eight-tenths of a pound. In 1919, 1 hour of labor purchased nine-tenths of a pound. In 1929, 1 hour of labor purchased 1.3 pounds. In 1939 1 hour's labor bought 2 pounds. In 1949, 1 hour bought 2.1 pounds. In February 1951 it bought 2.3 pounds.

When it comes to beef, I am willing to concede that the price is high. But there has been a great deal of, I would say, loose and unwarranted talk about the high price of beef at the present time. Let us go back to 1914, when 1 hour of factory labor purchased nine-tenths of a pound of beef. In 1919 it purchased 1.2 pounds of beef; in 1929, 1.2 pounds; in 1939, 1.8 pounds; in 1949, 1.6 pounds; in February 1951, 1.5 pounds, 1½ pounds of beef.

An hour of factory labor in 1951 bought almost as much round steak as it did in 1949. It bought only one-sixth less than it did when beef was still at bargain prices in 1939.

The PRESIDING OFFICER. Will the Senator permit the Chair to make an observation? The Senator from Kansas knows, of course, that the Senator from Michigan can yield only for a question. The rule has been very liberally interpreted. The Senator from Kansas will pardon the Chair, but there are other Senators who are desiring to ask the Senator from Michigan to yield.

Mr. CARLSON. I appreciate very much the comment made by the Chair and the observation is well taken.

Mr. MOODY. I thank the Senator from Kansas for the information he has furnished. But I should like to observe that what the Senator has said, it seems to me, is an indication that our standard of living has been rising steadily in the United States, as it should have been. That is an indication of increase in production and an indication that our system works. I am sure the Senator from Kansas would not be very happy if the real income of the average American family was lower now than it was in 1929 or 1914.

Mr. CARLSON. Mr. President, will the Senator yield to me for a question?

Mr. MOODY. Yes, I yield to the Senator from Kansas for a question.

Mr. CARLSON. I appreciate very much the Senator's comment, and I am in accord with him with respect to the income of the people of our Nation. I am for a high income of our individual citizens, especially the laboring people, because that is what makes a prosperous and a sound economy.

I wish to ask the Senator from Michigan a question. In view of the fact that we have been discussing the only roll-back we have on a food commodity, namely on cattle, did the information given the Banking and Currency Committee give any indication that the consumer had received any benefits from a \$700,000,000 roll-back?

Mr. MOODY. My understanding, I may say to the Senator from Kansas, is that the dislocations which happened because of the violent increase in prices, have made it necessary for the Price Administrator to adjust the whole struc-

ture of marketing meat, and my understanding is that the Price Administrator's intent was to utilize the benefit of the roll-back—if it will be conceded that there are benefits from roll-backs; I realize there are some Senators who do not concede that—first in reaching an equilibrium, and then extending the benefit to the consumer. I might point out that if the Senate now decides to suspend roll-backs, the consumers will now be penalized. The Senator from Kansas will perhaps agree with that.

Mr. CARLSON. May I ask the Senator a question further?

Mr. MOODY. I yield for another question.

Mr. CARLSON. I should like to ask the Senator from Michigan if it is not true the ceiling prices were placed so high on meats even when the roll-back was established that the shops increased their prices 3 cents, 5 cents, and as high as 25 cents a pound? I should like to make the statement that it is my opinion, after some study, that even with two additional roll-backs, if placed in effect, the consumers would receive no benefit from the roll-backs.

Mr. MOODY. I hope the Senator from Kansas is wrong about that.

Mr. CARLSON subsequently said: Mr. President, I ask unanimous consent that I may insert in the colloquy which I had with the junior Senator from Michigan [Mr. MOODY] a table and statement from a publication of the Department of Agriculture.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

Here we quote from a USDA Office of the Secretary publication, dated April 25, 1951, and identified as memorandum No. 10, subject: Food Prices and Farm Returns. We quote direct, pages 4 and 5:

"FOOD PRICES RELATIVE TO CONSUMER INCOMES

"If we are going to consider average increases in food costs, it is only fair to consider also the average increases in the ability to buy.

"An hour's earnings in a factory may buy less of some things now than it has in the past, but it will buy more food.

"Estimates indicating approximately how much of different foods an hour of factory labor would buy at the beginning of this year and the comparable buying power of factory earnings in earlier years are shown in the following table:

Quantity of each item that could be purchased with 1 hour of factory labor, United States, designated years

Item	Unit	1914	1919	1929	1939	1949	February 1951
Round steak...	Pound...	0.9	1.2	1.2	1.8	1.6	1.5
Pork chops...	do.....	1.0	1.1	1.5	2.1	1.9	2.0
Sliced bacon...	do.....	.8	.9	1.3	2.0	2.1	2.3

Prices and earnings used were compiled from Bureau of Labor Statistics data.

"Round steak: An hour of factory labor in February 1951 bought almost as much round steak as it did in 1949, only one-sixth less than it did when beef was selling at bargain-basement prices in 1939, one-fourth more than in 1919 at the postwar price peak following World War I, and two-thirds more than in 1914.

"Other items: The same hour's work in the factory will also buy more milk, eggs,

oranges, potatoes, and bacon than it would in 1949, 1939, 1929, or 1914.

"MORE FOOD FOR SMALLER SHARE OF DISPOSABLE INCOME

"Americans spent for food last year a smaller share of their disposable income (income after direct taxes, chiefly income taxes) than they did in 1947, 1948, or 1949—and the same share as in 1946. Their expenditures for food and the various services which come along with it, including restaurant service, last year amounted to 27 percent of their total expenditures for goods and services—compared to 28 or 29 percent in every other year since 1941.

"If we had been satisfied with the same kinds and quantities of food we bought in 1935–39 with 23 percent of our disposable income, it would have cost us only 18 percent of our 1950 disposable income."

Mr. BENTON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. (Mr. MONROE in the chair). Does the Senator from Michigan yield to the Senator from Connecticut?

Mr. MOODY. I yield for a question.

Mr. BENTON. I address the question to my fellow member on the Banking and Currency Committee. With the possible exception of our chairman, no one was more devoted during the long hearings than the distinguished Senator from Michigan. In line with the quotation from Mr. Eric Johnston in the Senator's most able presentation, on which I congratulate him—

Mr. MOODY. I thank the Senator.

Mr. BENTON. That the cost of living will increase at least 6 percent as the result of the so-called roll-back provision, did the Senator notice the Associated Press dispatch this morning quoting an official spokesman of the CIO?

Mr. MOODY. Yes; I did.

Mr. BENTON. Does not the Senator agree that it will be impossible to expect labor to cooperate on any wage-stabilization program in the face of rising prices, and that 6 percent is a very substantial rise?

Mr. MOODY. I am glad the Senator from Connecticut brought up that point. The wage-stabilization formula, which I mentioned earlier in my remarks, was worked out only after a long and difficult and detailed series of negotiations, in which at one point representatives of labor refused to participate in the stabilization program because they felt that they were being discriminated against in favor of other segments of the economic community. The wage-stabilization program has now been agreed to by various segments of the economy, by various groups in the economy. It is not a firm freeze, I concede, any more than the price-control situation is a firm freeze, but it certainly is something very different than we would have if we did not have any such formula at all.

Mr. BENTON. Is the Senator from Michigan aware that Mr. Johnston's estimate of a 6-percent increase in prices is based upon manufacturers' prices?

Mr. MOODY. I was about to say that if the cost of living is now permitted to rise, of course, labor will ask for higher wages. Of course there will have to be a readjustment, as Dr. George Taylor

testified before our committee. He placed in the RECORD a statement in which he said that the entire wage-stabilization formula would call for a review in July, I believe. If the cost of living is higher at that time, of course the formula will be revised. That is what I meant when I said that costs would go up.

Mr. BENTON. Does the Senator from Michigan realize that the 6-percent estimate of Mr. Johnston is based upon manufacturers' prices, and that 6 percent of manufacturers' prices, interpreted through retail distribution channels, will undoubtedly mean 8 or 8½ percent? Is the Senator aware of that point?

Mr. MOODY. I am; and I believe it is an excellent point. It reinforces the point I am trying to make, that this proposal would undermine the entire effort which I am sure the distinguished chairman of the committee and other members of the committee are trying to make.

My impression of this amendment was that an effort was made to handle the very complicated and controversial question of the price of beef. But when the amendment was proposed it not only addressed itself to the price of beef, and to the controversial roll-backs which have been introduced into the economy, but also, by changing the base date of the stabilization program, it affected everything all along the line, and would require an entirely new calculation.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. MOODY. I yield to the distinguished chairman.

Mr. BENTON. Mr. President, may I finish my line of questioning with one further question?

Mr. MOODY. I yield to the Senator from Connecticut.

Mr. BENTON. Does the Senator from Michigan recall the statement which was read into the record at the committee hearings, from the former OPA Administrator, former Governor Bowles, of Connecticut, who thought that even a 3-percent rise in prices was so significant that he suggested what he called a cost-of-living bonus in the event of a 3-percent rise?

Mr. MOODY. In an effort to hold the line in the event of such a rise.

Mr. BENTON. Does the Senator recall the evidence submitted through the Senator from Illinois [Mr. DOUGLAS], in the form of a statement from former Governor Bowles?

Mr. MOODY. I certainly do.

Mr. BENTON. Does the Senator from Michigan then agree that we are facing a potential 8 or 8½ percent rise in prices because of the so-called roll-back amendment, and that we are facing grave risk of destroying hope for the stabilization of our economy?

Mr. MOODY. I agree again with the Senator from Connecticut. I had intended to wait a good deal longer than I have waited before making what my friends call a maiden speech. I wanted to listen and learn rather than speak in the Senate. But it seemed to me that this was such an important matter, and that the real significance of this amend-

ment was so misunderstood, that it was necessary to speak out upon it.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. MOODY. I should like to complete my statement.

In line with what the Senator from Connecticut said about a statement being placed in the RECORD by the former OPA Administrator, I remind the Senator from Connecticut that there was also placed in the RECORD a statement from Mr. Bernard M. Baruch, of New York.

Mr. BENTON. Does not the Senator agree that those two gentlemen are two of the most experienced men in the country on the subject which we are discussing today?

Mr. MOODY. I certainly do.

The Senator may recall that last July, a few days after the Korean invasion took place, Mr. Baruch stated that the time to freeze prices was then. He was right at that time. It should have been done then. However, there were many who felt that it could be done voluntarily. Some of the witnesses coming before our committee are still saying that it still can be done voluntarily. The President tried the voluntary system.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. MOODY. I yield.

Mr. MAYBANK. I concur in what the Senator has said about Mr. Baruch. Mr. Baruch came before us last year and testified. Congress enacted a control law in September. I felt, as Mr. Baruch and others felt, that prices should have been frozen immediately at that time.

Mr. MOODY. I feel the same way about it.

Mr. MAYBANK. Various control bills were introduced although they were not even recommended by the Administration.

I congratulate the Senator, and thank him for his attendance at the committee meetings. He was of great assistance in bringing out much information. As the Senator from Connecticut [Mr. BENTON] has said, no Senator was more faithful in his attendance than was the Senator from Michigan, and none gave more thought or time to the subject.

Mr. BENTON. Except the chairman, the Senator from South Carolina [Mr. MAYBANK].

Mr. MOODY. Except the chairman. Let me say that as a newspaperman I have always had the highest respect for the chairman. That respect was enhanced when I saw him in operation every day.

Mr. MAYBANK. I appreciate the Senator's remarks. I wish to bring out a point with respect to the so-called beef amendment, which, by the way, is a misnomer. The Senator from Illinois [Mr. DOUGLAS] called it a Trojan horse amendment. I do not consider it a Trojan horse amendment.

Mr. MOODY. I am sure that it was not intended to be such. The Senator from Illinois referred to it as the "Trojan steer" amendment.

Mr. MAYBANK. The Senator was at the committee meeting when I proposed

the amendment. I said that it had nothing to do with beef or cotton as such. It was a general amendment, to affect every manufacturer.

Mr. MOODY. That is correct.

Mr. MAYBANK. The reason for the amendment was that the administration had not frozen prices in October of last year. So when the administration froze prices in January, the committee changed the date from May to January, so as to freeze prices as of January.

In the amendment the committee gave authority for the roll-backs which Mr. DiSalle had placed in effect, and went even further and allowed a 2-percent further roll-back. This is correct, is it not?

Mr. MOODY. Yes.

Mr. MAYBANK. The amendment was not a beef amendment as such. I know that the Senator differs somewhat with me on the amendment. I appreciate his views. However, the purpose I had in the amendment was to freeze prices when the Government said it wanted them frozen. It is said that prices can be allowed to increase 6 percent when everything is frozen. The law freezes everything as of January, and gives authority for roll-backs to take effect up to July 1. I cannot for the life of me figure out how any prices can advance unless the Government wants them to advance. All prices are frozen under this bill. They cannot advance.

Mr. MOODY. I fully appreciate the Senator's fine motives, and I am not in any way questioning his intent.

Mr. MAYBANK. We freeze prices, do we not?

Mr. MOODY. We do not. That is the point at issue, as I see it.

Mr. MAYBANK. My amendment only says that there can be no further roll-backs, after July 1.

Mr. MOODY. That is correct.

Mr. MAYBANK. Prices were frozen on January 25, were they not?

Mr. MOODY. Prices were frozen only tentatively on January 25. That is the whole issue. Prices are not frozen now.

Mr. MAYBANK. Whose fault is it? The administration had authority to freeze prices since last September. The Senator will admit that, will he not?

Mr. MOODY. Oh, yes.

Mr. MAYBANK. The administration has had authority to freeze prices. It froze what it wanted in January, and rolled back the prices it wanted to roll back in May, and said, "Leave it open to us until October, November, or December. We might find something else to roll back."

How is the businessman to conduct his business? How is the farmer to manage his crops? The cotton farmer was led to believe that cotton would be 45 cents a pound. What is it today? Thirty-five cents a pound. It is down \$50 a bale. Senators visited the President, and told him, "If we freeze the price of cotton it will go down \$50 a bale." It did go down. I said that I was going to use my influence as chairman of the Committee on Banking and Currency to write a control bill to stop inflation.

Prices were frozen on January 25, and roll-backs can take effect until July 1. There is a desire to have something to

hang over the heads of the people in the months to come when Congress is not in session. Who is going to be rolled back? The farmer, of course.

Mr. MOODY. I wish to refer to what the distinguished Senator from South Carolina has said, but first I should like to yield to the Senator from New York. I ask unanimous consent that I may yield to the Senator from New York so that he may ask a question of the chairman of the committee, without my losing my right to the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. LEHMAN. The Senator from South Carolina, for whose service as chairman of the committee I have the highest regard—

Mr. MAYBANK. I appreciate the fact that the Senator from New York attended our meetings. We were glad to have him there.

Mr. LEHMAN. He has referred to cotton. Spot cotton today, bought for delivery in June or July, is selling for 45 cents a pound.

Mr. MAYBANK. At 46 cents a pound.

Mr. LEHMAN. But cotton bought for delivery in October is selling for 35 cents a pound.

Mr. MAYBANK. The Senator is correct.

Mr. LEHMAN. A difference of ten cents a pound.

Mr. MAYBANK. Approximately.

Mr. LEHMAN. Yes. Why should there be any prohibition placed on a stabilizer to reduce the price of cotton goods when the cost of cotton is down to 35 cents a pound?

Mr. MAYBANK. There is no prohibition placed on the Price Stabilizer to freeze the price of cotton goods. The only thing that my amendment would do would be to prevent him from rolling the price back to May or June of last year.

Mr. LEHMAN. Under the bill he could not roll it back.

Mr. MAYBANK. Unless my amendment is adopted, he could.

Mr. LEHMAN. He could not roll it back.

Mr. MAYBANK. If my judgment is not agreed to he could roll it back.

Mr. LEHMAN. I am talking about the amendment which is in the bill.

Mr. MAYBANK. Yes.

Mr. LEHMAN. He cannot roll it back.

Mr. MAYBANK. That is correct.

Mr. LEHMAN. He cannot lower it—

Mr. MAYBANK. I may say to the Senator from New York that he had the right to freeze it on the 25th of January. He did freeze some items.

Mr. LEHMAN. Cotton at that time, as it is today, was selling for 44 to 45 cents a pound. I refer to spot cotton.

Mr. MAYBANK. That is correct.

Mr. LEHMAN. In October it will be selling for 35 cents a pound.

Mr. MAYBANK. Let me remind my good friend the Senator from New York and former governor of his State that manufacturers do not make cotton goods today to be sold today. The cotton mills in New England and in the South are manufacturing cotton goods today to be sold in the Christmas trade and, in some instances, in the spring trade. Then the

price will be far below the price of cotton goods today. That is the reason why big stores such as Macy, Gimbel, and others, have already cut prices. They are buying goods much cheaper in the markets, as the Senator knows. Incidentally, Wall Street is the biggest cotton goods market in the world. In Wall Street and in the St. Louis markets prices are down because of the cheap price of cotton goods based on a \$50 break in November. It takes months to go through the process. That is the fear I have. I am afraid to leave open the right to roll back prices to May or June of last year, which the Administrator would have the right to do. I do not say that he would use the right. It would be necessary to consider the increased cost of labor. However, that is the fear I have.

Mr. MOODY. I should like to suggest on this point that it is well known that formulas have been announced by the Price Administrator and Economic Stabilizer which govern their policies at least with regard to industrial roll-backs.

Mr. MAYBANK. That is correct.

Mr. MOODY. The distinguished chairman would agree, I am certain, that if a roll-back as severe as he contemplates were imposed by any administrative officer of the Government there would be very quick action to cancel it.

Mr. MAYBANK. I agree with the Senator that we would have to try to get quick action. However, I fear the policies of agencies. I would like to see positive provisions incorporated into law. As was emphasized in the testimony, representatives of the great labor organizations left the meetings of the economic stabilizers because they did not think they were being treated right. They came back later and they were treated much better. No farmer, so far as I know, has ever been invited to such meetings. So far as business is concerned, the law requires that representatives from business should be consulted. Business organizations should have an opportunity to be consulted before prices are established. The testimony will show that time after time, according to the testimony of witnesses such as the chambers of commerce and the trade associations, businessmen were not adequately consulted.

Therefore, I can agree thoroughly with the Senator with reference to policy, but the administrators have not followed the policy. They never invited the farmers. The Senator from North Dakota knows that the farmers have not been invited. They invited labor representatives. What did they do for labor? They did nothing for labor until labor walked out of the meetings. I am not accusing labor of anything. I am not criticizing labor for leaving. I know what they were up against. Business people were never adequately consulted, very few farmers were ever invited. The head of the Grange testified that he was not consulted. The head of the Farm Bureau testified he was not consulted.

Mr. MOODY. Does the Senator from South Carolina agree that, under the amendment we are discussing, a violent

downward fluctuation in the price of cotton or—

Mr. MAYBANK. My amendment does not apply to cotton alone. I want it distinctly understood that, although I shall never forget the cotton growers and manufacturers, the amendment I have sponsored has as its purpose the freezing of prices at the time the Government wanted them frozen, and to prevent the possibility of rolling them back to July of last year.

Mr. MOODY. I understand the Senator's position.

Mr. MAYBANK. I used to be directly interested in cotton, and, as a Senator from an important cotton State, I am still deeply interested in cotton, but I am not engaged in dealing in cotton.

Mr. MOODY. Let us take wheat. Does the Senator from South Carolina agree that under the amendment we are discussing a violent downward fluctuation in the price of wheat would make it possible for the Administrator to act as the Senator seems to fear he would act?

Mr. MAYBANK. He could freeze the price at the highest price or at the parity price.

Mr. MOODY. Or at the current price?

Mr. MAYBANK. No; he could not go below parity.

Mr. MOODY. He could not go below parity, but he could freeze at any price at parity or above.

Mr. MAYBANK. We tried to protect the parity formula.

Mr. MOODY. That is correct.

Mr. MAYBANK. He could not go below parity. As Mr. Ruether testified, parity is the farmer's insurance. He brought out very clearly that labor would not oppose parity. He was able to secure the escalator clause. He is the head of a big labor union with many members in Detroit, and I congratulate him for his stand. Mr. Ruether said that he would not object to parity.

Mr. MOODY. I believe every intelligent student of economy believes that parity is necessary, because the buying power of the farmer is one of the great keystones of our economy.

Mr. MAYBANK. I wish to remind the Senator that farmers were not adequately represented at the meetings.

Mr. MOODY. During the 1920's when there was no such thing as parity there occurred a great depression, which helped build up a disastrous national situation. Before we get too far away from what the Senator from Connecticut [Mr. Benton] has said, I should like to refer to the letter written by Mr. Baruch, in which he answered some questions I had asked him. In my letter to him of June 4, 1951, I asked him if price, wage, rent, and other direct controls should be removed what the effect would be on our program to increase our military strength, on the stability and soundness of our economic system, on the cost to the taxpayers of our mobilization program, and on the living standards of the American family. I should like to read a paragraph from his letter, because I believe it to be very pertinent.

Mr. MAYBANK. If the Senator will permit me to say so, I am heartily in agreement with what Mr. Baruch said.

Prices should have been frozen. I am supporting title IV of the act. I submitted my amendment only for the purpose of protecting the people who were not adequately represented at the meetings.

Mr. MOODY. The Senator certainly has done so, and I thank him for his leadership in supporting the general principles of title IV.

Mr. Baruch stated:

The removal of price, wage, rent, and other mobilization controls would be a tragic, perhaps mortal, blow to our efforts to rebuild our defenses in time to avert another world war; the stability and soundness of our economic system would be sapped, and the long-range effects might even be worse than the immediate ones. The cost to the people in higher taxes would be doubled and tripled—already price rises have cut every defense dollar by more than one-fifth.

Then Mr. Baruch said:

Although in the process some would profiteer, the living standards of millions would be severely lowered.

I think the following statement by Mr. Baruch is very significant:

What will it gain the farmer or worker or businessman to get a little more for his production, if that is offset by rising prices and by the cheapening of all savings in every form—life insurance, Government bonds, thrift accounts, annuities, pensions.

Very pointedly this great elderly statesman said:

The issue before your committee—and the Nation—is a simple one. It is a question of which is to be put first—the national interest or the selfish interest.

He also said:

I could go on for pages showing how inflation strikes at everything Americans hold dear, at all our social and personal values, at all our families and institutions. Nor is it surprising that it should be so. For the test of our ability to stop inflation is the test of our ability to govern ourselves. It is the test of what we prize most highly—petty profits and trivial comforts, or freedom.

Then he said:

It is the test of our fitness to survive.

Mr. President, I think that is a very eloquent statement of the issue which is before us today.

Mr. BENTON. Mr. President—

Mr. MOODY. I now yield to the Senator from Connecticut.

Mr. BENTON. Mr. President, let me ask the distinguished Senator from Michigan whether he agrees, in line with what Mr. Baruch said in his letter and in line with the other statements to which the Senator has been referring, that the last time we had normal price relationships was before Korea; and the minute the North Korean troops crossed the border, the forces which were let loose caused distortions in our economy.

Mr. MOODY. I thoroughly agree.

Mr. BENTON. I should like to have the Senator comment on the various percentages of increase to which I shall now refer, because they so well illustrate the situation. Does the Senator from Michigan recall that between January 1950 and January 1951 dairy products increased 26 percent in price; eggs, 27 percent; hides and skins, 57 percent; shoes, 18 percent; cotton goods, 27 per-

cent; silk, 77 percent; anthracite coal, only 4 percent; petroleum and petroleum products, 4 percent; nonferrous metals, 26 percent—

Mr. MOODY. Does not the table also show that vegetables and fruits decreased in price during the same period?

Mr. BENTON. Yes; the table shows that fruits and vegetables decreased 3 percent, but it also shows that structural steel increased in price 6 percent; lumber, 10 percent; oils and fats, 79 percent; and crude rubber, 134 percent.

Does the Senator from Michigan wish to comment on those figures, which illustrate the distortions in our economy as of the date fixed by the particular roll-back provision we are now discussing in connection with this bill?

Mr. MOODY. I thank the Senator from Connecticut, and I shall be glad to comment. The table the Senator has just read indicates clearly the distortions which have occurred in the economy since the invasion of Korea. The effort made here is, not to let prices rise rapidly or to roll back prices in an unfair way, but to stabilize the economy and to stabilize the relationships between wages and prices, and to reach as nearly as possible the former relationships—not the price levels existing before Korea, because it is impossible for us to do that, and not the wage levels existing before Korea, because that is also impossible for us to do, although there are some persons with fixed incomes who have had no increase in their incomes since then, and they are being squeezed badly. The effort is to restore normal relationships and normal balance.

I may say to the Senator from Connecticut that, as I have said before, one of the most important points in this situation is that there are businessmen—including some who called me on the telephone before my appointment to the Senate and some who called me after the committee hearings began—who said they had endeavored to hold the line and had responded to the President's plea not to increase prices, but that they now find themselves squeezed because they responded to that plea, whereas in the case of others, who did not respond to that plea, but rapidly raised the prices of their goods during that period, when I believe controls should have been imposed, now it is proposed that we prohibit by law any effort on the part of the Price Administrator or the Economic Stabilizer to squeeze some of the water out of those prices and to give the public a break.

Mr. BENTON. Is not the Senator from Michigan stating that this provision would reward those who increased their prices and attempted to profiteer, and would penalize the businessmen who heeded the pleas and warnings of the Government to the effect, "There is no use in increasing your prices, because if you do, we will roll them back."

Mr. MOODY. Yes.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. MOODY. I yield to the distinguished Senator from Indiana.

Mr. CAPEHART. I have several questions I should like to ask. I believe the distinguished Senator from Connect-

icut just said that the price of fruits and vegetables has decreased.

Mr. MOODY. That is correct.

Mr. CAPEHART. Is it not a fact that fruits and vegetables were never under price controls?

Mr. MOODY. That is true.

Mr. CAPEHART. And yet they are among the items which have decreased in price.

Mr. MOODY. That is true.

Mr. CAPEHART. As to the many items which increased in price, is it not a fact that the Administrator had a right, under the law Congress passed last year, to control prices and to prevent them from rising, if he wished to do so?

Mr. MOODY. As the Senator from Indiana well knows, because he also was very dutiful in his attendance at the committee hearings, an experiment was made along the lines of the advice which was given to the committee by so many witnesses who said to the committee that this matter should have been handled by voluntary means. I have said several times during the debate today, perhaps before the Senator from Indiana entered the Chamber, that I agree with what I believe is the Senator's position; namely, that there was too long a delay in the imposition of the controls, and I think the one thing that delayed their imposition proved beyond any doubt that we cannot afford to remove controls now and we cannot afford to freeze into the economy the distortions which have resulted.

A great deal has been said about the question of why the stabilization has not been handled more rapidly. The distinguished senior Senator from Illinois [Mr. DOUGLAS] pointed out yesterday that the President in endeavoring to fill the position of Price Administrator, asked 25 different persons to accept the position before he was able to get the able Mr. DiSalle to accept it.

I may say that I can understand thoroughly why many persons might be hesitant in these days to stick out their chins, so to speak, in accepting such a position. However, there was a great deal of difficulty in setting up the organization to handle the program, and I believe that the Senator from Indiana may agree that that may have had something to do with what occurred.

Mr. CAPEHART. Mr. President, will the Senator yield further?

Mr. MOODY. I yield.

Mr. CAPEHART. There is no question that it takes times to do these things; but my point is that on September 8 of last year the bill which Congress had passed was signed and went into effect, and provided the power to control prices. That power could have been used at that time. I believe we should have a permanent statute in connection with this matter, so that the very minute our country goes to war all prices and all wages will be frozen at the then existing levels, because it is impossible to roll back prices effectively.

The Administrator did not freeze prices as of the day we went to war, even though the law went into effect on September 8. Prices were frozen on Jan-

uary 25. All that the amendment of the able Senator from South Carolina provides is that prices cannot be rolled back beyond that point. Had prices been frozen as of last September, I would have voted to prevent prices from being rolled back beyond that date.

Mr. MOODY. I may point out to the Senator from Indiana that the Congress waited from July until September to pass the law.

Mr. CAPEHART. No.

Mr. MOODY. I agree with the distinguished Senator from Indiana that the law should have been placed in effect speedily after its enactment. We have no difference on that point.

Mr. CAPEHART. The Congress started hearings on the bill in the early part of July, and the bill which was presented to the Congress at that time had absolutely no price or wage controls in it.

Mr. MAYBANK. It was in June.

Mr. CAPEHART. Hearings were started in June, and the bill at that time contained no price or wage controls whatever; and had it not been for the Congress, and had it not been for the Committee on Banking and Currency, of which the able Senator from Michigan is a member, as is also the Senator from Illinois, there would never have been any price or wage controls in the act. The result would have been that we would not today be considering for the first time a bill to control prices and wages but on January 3 of this year, we would probably have begun consideration of a bill to control prices and wages.

Mr. MOODY. I may say to the Senator that I did not mean that what I said should be considered in the least as a criticism of the Congress. I merely wanted to point out to the Senator that our democratic processes require time, and it took a few months for the bill to pass; and, as I pointed out a few moments ago, it also took a few months to set up the administration, to look over the situation, and to analyze and consider the advice which was received, which, as the distinguished Senator will remember, we received in the form of testimony by witness after witness, who came before the committee to tell us that we ought to pull the plug now. I am sure the Senator had that sort of advice, as well as advice of the other sort.

Mr. CAPEHART. I agree with the Senator, it is unfortunate that prices and wages were not frozen as of May or June a year ago.

Mr. MOODY. I agree.

Mr. CAPEHART. Likewise, it is again unfortunate that the administration did not freeze them on the very day the President signed the bill Congress had passed. They did freeze them on January 25. Therefore, I say it is almost impossible to roll prices back beyond that date.

Mr. MOODY. The distinguished Senator from Indiana will agree, I am sure, that the freeze of January 25 was a temporary administrative measure, undertaken for the purpose of readjusting the balance and the equilibrium which existed, as the Senator from Connecticut pointed out a moment or two ago, before

Korea. I am sure the Senator from Indiana would agree that it would not be equitable merely to freeze into the law the distorted prices of that particular date, which was a date which had followed 2 months of price increases, which had been as rapid as in any other 2 months of our history, or more so.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. MOODY. I will yield to the Senator in a moment. I am sure the Senator from Indiana will also agree that, during a period when a great many businessmen had held their prices, and others had done their utmost to get all they could out of the markets, the freeze of January 25 would have been an entirely unjust procedure, had it not been an administrative measure, temporary in form, which was adopted for the purpose of holding the line while some stabilization measures could be applied.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. MOODY. Would the Senator agree to that?

Mr. MAYBANK. No.

Mr. CAPEHART. The truth, of course, is that the Administrator and the administration have been dealing with this matter on a temporary basis, rather than following a law providing for the freezing and controlling of prices. The Senator must remember that if there has been a single increase in price in the United States since September 8 last year it has been because the Administrator and the administration permitted prices to go up, because all during that period there was upon the statute books a law which said they could control them.

Mr. DOUGLAS rose.

Mr. MOODY. I should like to answer the statement of the Senator from Indiana, but I believe the Senator from Illinois has been on his feet for some time. He seems eager to answer it, so I yield to the Senator from Illinois.

Mr. DOUGLAS. No; I do not want to answer it. I should like to ask the Senator from Michigan a question. Is it not true that, immediately after the passage of the act, the President tried to get a man to fill the Office of Price Stabilizer and that he made an offer of the office consecutively to 25 persons before he secured the services of Mr. DiSalle, after a considerable delay? Is not that true?

Mr. MOODY. The Senator from Illinois also pointed out yesterday on the floor of the Senate that Mr. DiSalle is not a "twenty-sixth" team, and what the Senator said is true.

Mr. DOUGLAS. Was not at least 2 months of time consumed before a Price Administrator could be obtained, and is it not true that without a Price Administrator prices could not have been frozen?

Mr. MOODY. That is certainly true.

Mr. DOUGLAS. Is it not also true that, during the initial period when Mr. DiSalle was Price Stabilizer the Economic Stabilizer was Mr. Valentine, who, in all honesty, did not believe in any compulsory price controls, but wanted everything to be done on a voluntary basis, and that it was not until Mr. Valentine resigned and Mr. Eric Johnston came into office that we got an ad-

ministration which really wanted to control prices?

Mr. MOODY. That is certainly correct.

Mr. DOUGLAS. I do not want to bring in any partisan consideration, but the political affiliations of Mr. Valentine are well known.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. MOODY. I will yield to the Senator in a moment. I might add that the views of Mr. Valentine are the views of persons who came forward to attack wage and price controls, and that they are the views of some of the sharpest critics of the administration.

Mr. DOUGLAS. Is it not true that the same group which is now saying, "Yes, you should have frozen prices last fall," is now saying, "You should unfreeze prices now"? In other words, whatever is being done is wrong, according to this group.

Mr. MOODY. I think that is an unusually penetrating observation.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. MOODY. I yield to the Senator from South Carolina.

Mr. MAYBANK. I should like to make a comment regarding 26 persons having been invited to take the position of price stabilizer. I am glad the Senator from Illinois informed us that there had been 26 persons invited to take the position.

Mr. DOUGLAS. That is well known.

Mr. MAYBANK. I understand that perfectly. I also understand that this is no place to debate the merits or demerits of Mr. DiSalle. What I say about Mr. DiSalle is certainly not said with any but the kindest motives, because he is trying to do the best he can. But no one can convince me that had the President of the United States wanted to get someone to fill the position, he would not have been able to do so. I desire to say also that the Banking and Currency Committee stood ready to vote to confirm the nomination of anyone the President might choose. The only time I was absent from the city was on one brief occasion, at which time I was called from Washington on the telephone. I requested the Senator from Arkansas [Mr. FULBRIGHT], as acting chairman, to conduct a hearing; and the appointment of Mr. DiSalle was confirmed in 1 day. The President may have tried to get others to take the position; I do not doubt that he did. But when a similar law was passed previously, President Roosevelt sent to the Senate a nomination, if I remember correctly, within 48 hours.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. MOODY. I yield to the Senator from Indiana.

Mr. CAPEHART. Is it not a fact that, under the law passed by the Congress on September 8, 1950, the President was given the right to make the Secretary of Commerce the Administrator, if he desired, and if the Secretary of Commerce wanted the job. Is it not also true that he could have appointed any one of his Cabinet members to handle the job, particularly the Secretary of Commerce, because the Secretary of Commerce, at the

time, was given complete responsibility for the allocation of materials, rent control, and similar matters? The President could have given him the power to control prices. Is it not a fact, that under the law, the President could have made the Secretary of Commerce the Price Stabilizer?

Mr. MOODY. Perhaps the President felt, since the Secretary of Commerce was assuming other very great responsibilities, that he did not wish to overload him and thus prevent his handling his work properly.

Mr. UNDERWOOD. Mr. President, will the Senator yield?

Mr. MOODY. I yield to the Senator from Kentucky, but first let me add to what I said to the Senator from Indiana, that the price and wage control section of the law required that a new agency be created.

Mr. UNDERWOOD. What happened in a good many of the States, where cattle are brought in to be fed, is that cattlemen went to the Western States to buy cattle, and bought them before the ceiling was imposed. They bought cattle after September, when the ceiling was authorized, but they bought the cattle before the ceiling was imposed. They then transported the cattle into their respective States, including the State of Kentucky, where grass is grown, and the cattle were fed and fattened on the grass. After they had bought the cattle, a ceiling was imposed. My reason for asking for a ceiling which will continue for at least a year without a roll-back, is that we want the price of meat in the cities to be as cheap as possible. But we do not want to pay for that privilege accruing to those living within the large cities.

Mr. MOODY. Our desire is that meat may be cheap for everyone, not merely for those living in the great cities.

Mr. UNDERWOOD. We want it to be cheap for everyone, whether in or out of the great cities; but we do not want to pay for it, ourselves. We do not think it fair to require a cattle feeder to pay a subsidy in order that consumers may be able to buy meat at other places at low prices. Can the Senator tell us any method by which to prevent changing the price of cattle, or rolling the price back, once the cattle have been purchased?

Mr. MAYBANK. My amendment undertakes to do that.

Mr. UNDERWOOD. That is the purpose, as I see it, and the only justification for it. I may not be an old cowhand, but I am an old stabilizer, because I was here with Fred M. Vinson when he was Director of the Office of Economic Stabilization. Certainly we want to hold prices down, but we want to do it in a fair and honest way. We do not want to let one group buy cattle and then roll the price back. We do not want to change the rules of the game after the hands are already down.

Mr. MOODY. I should like to point out that my principal objection to the amendment which is pending—not the Douglas amendment, but the amendment of the majority of the committee—is that in endeavoring to roast the pig, it burns down the house. If there are Members

of the Senate who want to take action on the beef roll-back, that is their privilege, but I should like to have a separate vote on it. My understanding is that the intent of the amendment is practically to prohibit the third beef roll-back and part of the second. But it also prevents the adjustment and stabilization of other prices all along the line. It freezes into the economy the unjustified price increases which were made without paying attention to the patriotic request made by the Government to hold the line, and it penalizes the people who did hold the line. In other words, it freezes into the economy a distortion which in all equity and all justice should not be frozen into the economy. If we want to adjust that inequity, which Mr. Eric Johnston says must be adjusted, then we shall bring about an increase in the cost of living which will obviously blast the wage line, and we shall again be in an inflationary spiral.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. MOODY. I yield.

Mr. CAPEHART. Does not the Senator know that under the act as it is now in force, and under the bill which the Banking and Currency Committee reported, the Administrator can permit changes in prices? There is nothing in the act to keep prices as they are.

Mr. MOODY. I thoroughly understand that.

Mr. CAPEHART. The Senator said it was unfair, after prices are frozen at a certain point. Under the law, the Administrator can permit them to rise.

Mr. MOODY. What I was trying to say was that we will have a very unfortunate choice to make if this amendment should be adopted. Either we will have to freeze the prices to which the Senator has been referring, freeze an inequity into the structure, or we will have to let prices rise. In the latter case we shall have a spiral of inflation. Neither one is the choice of the junior Senator from Michigan.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. MOODY. I yield.

Mr. MAYBANK. I congratulate the junior Senator from Michigan on his statement that he would not like to take that choice. It would not be his duty, nor would it be my duty, to take that choice. But since January 25 the administration has had an opportunity to adjust inequities. The Office of Price Stabilization should get down to business and not leave inequities to be taken advantage of by some.

Mr. MOODY. I agree with the distinguished Senator and believe it is getting down to business as the contemplated roll-backs indicate.

Mr. MAYBANK. I offered the amendment to stop the dilly-dallying, because the administration created the inequities, and the Senator from Michigan knows it. Of course, I am not suggesting what the House of Representatives will do. I do not know what sort of bill will be sent to the Senate. But the Office of Price Stabilization had from January 25 until last Monday to make any roll-backs or any adjustments or to cor-

rect any inequities that might exist. I think they should have done it, and I am sure the Senator from Michigan thinks they should have done it.

Mr. MOODY. That is correct. The adjustments should be made as rapidly as possible.

Mr. MAYBANK. I do not want to leave it open to the Administrator to create inequities and let them continue month after month. I can appreciate the difficulties of Mr. Johnston and Mr. DiSalle, but the administration of the law has not been in keeping with either the letter or the spirit of the law. That is what I do not like about it.

Mr. MOODY. I agree with the Senator that the entire procedure has been too slow in originally imposing controls and in carrying out the functions under the act which the Senator has mentioned.

Mr. MAYBANK. How does the Senator know that they will not continue to be slow? I am as much opposed to inflation as is the Senator from Michigan. When the Senate was sitting in the old Supreme Court Chamber I fought last June, July, August, and September, to stop inflation. But these inequities have been created, and I am not certain that they will not continue to occur or that we can correct them unless we do it by law.

Mr. MOODY. If we write this language into the law now, the Office of Price Stabilization will not, as a practical matter, have time to complete readjustment of the economy between now and July 1. I do not dispute the Senator's point that the administration of the law has not proceeded with sufficient expedition, and that we want to stop inflation.

Mr. MAYBANK. The Senator will admit that they have had time to do it.

Mr. MOODY. I do not admit that, in view of all the difficulties in getting able officials to administer the law and all the administrative difficulties they may have had, with which neither the Senator from South Carolina nor I are fully acquainted.

Mr. MAYBANK. We did away with the OPA years ago, and we brought back an organization to do the same thing OPA had done before—dilly-dally.

Mr. MOODY. The Senator stated yesterday, in response to a question of the senior Senator from New York [Mr. Ives], who agreed with the Senator, that the procedure had been too slow. Nevertheless, two wrongs do not make a right.

Mr. MAYBANK. I am not arguing that, but if we make it the law, the Office of Price Administration will have to take positive action.

Mr. MOODY. Does the Senator want them to make these roll-backs before July 1?

Mr. MAYBANK. The law will not become effective until it passes. I hope the amendment will be adopted.

Mr. MOODY. Do we want them to make roll-backs before July 1?

Mr. MAYBANK. The Senate cannot make legislative history as to a bill which has not yet passed the House. We can only express our personal opinion.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MOODY. I yield.

Mr. DOUGLAS. Is it not a fact that section 2 really prevents the Office of Price Stabilization from doing anything to correct inequities, except to raise prices? That is, it permits upward, but not downward, corrections.

Mr. MOODY. That is correct.

Mr. DOUGLAS. It prevents the Office of Price Stabilization from reducing prices. It is a heads-I-win-tails-you-lose amendment.

Mr. MOODY. It may be a tails-everybody-loses amendment.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. MOODY. I yield.

Mr. WILLIAMS. Do I correctly understand that the amendment of the Senator from Michigan provides for roll-backs so that all prices will be rolled back in proportion until we reach the pre-Korean level?

Mr. MOODY. No. The present law, as I am sure the Senator from Delaware well knows, provides for due consideration to be given—I believe that is the wording of the law; I do not have it before me at the moment—to the level, equilibrium, and balance of prices as they existed before the invasion of South Korea.

Mr. WILLIAMS. There has been much said about meat prices. Is the Administrator to roll back the price of meat and automatically roll back the price of grain that goes to make up the meat, until we have the same relationship which existed before the Korean War? Is that correct?

Mr. MOODY. I hope the Senator from Michigan in the debate here this afternoon may have made some small contribution in bringing out this point, which I think is the central point of the entire issue before the Senate; that is, that this is not an effort to victimize anybody who is producing. It is not an effort to roll back prices to the pre-Korean level, except that in a case where there had been no increase in cost it would operate in that way; but there is little likelihood that many such cases would exist.

Mr. WILLIAMS. Mr. President, will the Senator yield further?

Mr. MOODY. Let me answer first. The fact is that every Member of the Senate knows how the present law is being administered. A formula has been set up which is based on the pre-Korean base price, which allows any fair increases in labor and material costs to be added, plus the pre-Korean profit margin. Now if we are in the business of trying to stop inflation, I should like to have the Senator from Delaware tell me what is the matter with that formula.

Mr. WILLIAMS. There may not be anything the matter with the formula—

Mr. MOODY. I am glad to hear that.

Mr. WILLIAMS. If we both understand it alike. The question I ask is this: The Senator comes from a great wheat-producing State. If we roll back the price of cattle to the pre-Korean

level, would the Senator be willing to say that we should roll back the cost of grain which goes to make up the cost of production of cattle? In other words, as the Senator has just defined the law, if we allow grains and other costs entering into production of cattle to advance 10 percent, would the Senator allow the cattle producer to carry that increase over into his cost, or would the Senator let the price of wheat advance while the cattle producers in other States are rolled back?

Mr. MOODY. Perhaps the Senator can explain to me—because I have been trying to get an explanation from committee witnesses, and I have listened quite carefully to what others have had to say on the subject—why the price of cattle has gone up 53 percent in a period when most other prices have not gone up so rapidly.

Mr. WILLIAMS. I think the Senator from Michigan does not understand me. I am not defending the increase in the price of cattle.

Mr. MOODY. I am glad to hear that.

Mr. WILLIAMS. I told the Senator from Illinois [Mr. DOUGLAS] that his amendment, as he explained it, possessed a great deal of merit if we were convinced that it would do the things it is claimed to do. That is what I am trying to find out.

Mr. MOODY. If the Senator from Delaware asks me the question whether I believe the price of wheat should be rolled back to what it was before the Korea period I should say not.

Mr. WILLIAMS. Do I understand that the amendment applies merely to meat alone?

Mr. MOODY. It does not apply specifically to meat.

Mr. WILLIAMS. Would it apply to all agricultural commodities in relation to the pre-Korean situation?

Mr. MOODY. Is the Senator speaking of the Douglas amendment now?

Mr. WILLIAMS. Yes.

Mr. MOODY. Very well. The Douglas amendment merely deletes from the bill, as reported by the committee majority by a 7-to-6 vote, the six-line insertion by the committee, which would prevent any roll-back beyond the base period, not only in farm commodities but in any other commodities. I should like again to say to the Senator from Delaware that the amendment not only affects meats but it affects every price which rose on a profiteering basis between the Korean invasion and January 25. I believe that if the Senate clearly understands the Douglas amendment it will want to vote it into the law.

Mr. WILLIAMS. Mr. President, will the Senator yield again?

Mr. MOODY. I yield to the Senator from Delaware.

Mr. WILLIAMS. With respect to many commodities the price increase since Korea is the result of the Department of Agriculture's planned program of forcing prices higher. After buying commodities they are shipping them out of the country as surplus, or destroying them, as was done in the case of potatoes, for the purpose of pushing the prices upward, at the same time we are talking about holding prices down. I

wonder which purpose the Senator is for. I think we should make up our minds.

Mr. MOODY. Now the Senator is going deep into the question of farm economics. I should say, however, that I am for stabilization of the economy. The history of price support in the law, which was previously passed by Congress, was that in the 1920's when the party the Senator from Delaware has the honor to represent was in power, there was no provision for supporting farm prices, and as a result there was an agricultural depression which lasted a decade, and helped to build up in America a depression which nearly ruined our economy.

Mr. WILLIAMS. Will the Senator from Michigan yield further at that point?

Mr. MOODY. Yes, I yield.

Mr. WILLIAMS. I should like to point out to the Senator from Michigan that in pulling us out of the so-called "Republican depression" we have had two "Democratic" wars which left us with a \$260,000,000,000 debt. This debt is the pyramid upon which today's "Democratic" inflation is erected.

Mr. MOODY. Will the Senator pardon me? I did not hear his statement.

Mr. WILLIAMS. I might point out to the Senator that as the Democratic Party pulled us out of the depression we have had two wars, which cost the American people \$260,000,000,000.

Mr. MOODY. Yes, we resisted aggression. And my understanding is that the war has something to do with the national debt.

Mr. WILLIAMS. It must also be the Senator's understanding if he understands economics at all, that war has something to do with increased prices since 1932.

Mr. MOODY. Oh, yes, indeed.

Mr. WILLIAMS. So I think that if the Senator is going to take the credit to his party for having pulled us out of the depression, he should also take credit for the inflation, and assume responsibility for his two wars.

Mr. MOODY. I was simply pointing out that if the Senator from Delaware is attacking the general parity principle, which the Senate so often has endorsed, I simply wanted to remind him that in the days when we did not have a parity principle in the law agriculture in America was not in a very prosperous condition.

Mr. WILLIAMS. Mr. President, will the Senator yield further?

Mr. MOODY. I yield to the Senator from Delaware.

Mr. WILLIAMS. I am not discussing at this point the merits or demerits of the parity principle. What I am endeavoring to point out is the inconsistency of having one agricultural agency buy agricultural products and destroy them, thus creating artificial shortages, and then shedding crocodile tears because of the results.

Mr. MOODY. Is the Senator from Delaware implying that I am shedding crocodile tears?

Mr. WILLIAMS. Yes, so to speak.

Mr. MOODY. I was not a Member of the Senate when the potato program was passed. If I had been I would have

taken a very dim view of it, as I hope the Senator from Delaware did.

Mr. WILLIAMS. I did. I voted against it. I hope the Senator will go along with us this afternoon in knocking out all these support programs, at least for the duration of the emergency of this inflationary period. Certainly we should immediately stop this Government agency from destroying food at a time when the country is at war.

Mr. MOODY. I do not think we are destroying food. And I do not know who is, as the Senator said, shedding crocodile tears. But I know that the housewife is having difficulty in obtaining what she needs because of the high price of groceries.

Mr. WILLIAMS. Not only is she having difficulty, but extreme difficulty, largely due to this administration's reckless-spending policies.

Mr. MOODY. Is the Senator from Delaware shedding crocodile tears while saying that?

Mr. WILLIAMS. I shall vote as I am speaking. I will say to the Senator from Michigan that I believe he will agree with me that we certainly cannot justify a food-destruction program in this country in time of war.

Mr. MOODY. I agree with the Senator on that point completely.

Mr. WILLIAMS. I hope the Senator will support me on that point this afternoon.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MOODY. I yield.

Mr. DOUGLAS. May I ask the Senator from Michigan if, when he was not a member of this Chamber, but sat in the Olympian heights of the press gallery up there—

Mr. MOODY. It is a good deal more comfortable up there, I will say, than it is down here.

Mr. DOUGLAS. If he remembers the vote on the motion of my then senior colleague, Senator Lucas, abolishing the potato subsidy? Is it not true that on the question of the potato subsidy a majority of the Senators on this side of the aisle voted to abolish the subsidy, and a majority of the Senators on the other side of the aisle voted to retain the subsidy?

I want to pay tribute to the Senator from Delaware and say that he voted against that subsidy. I think he is a completely honest and sincere man. But I suggest to him that his missionary efforts should be devoted to the other side of the aisle, because I can well remember the votes cast on that side by Members from the potato-producing States.

Mr. MOODY. We are glad to have him with us at the moment on this side of the aisle, but as the Senator from Illinois said, perhaps he might direct his missionary efforts toward Members on the other side of the aisle.

Mr. DOUGLAS. Yes; we are glad to have him here with us now.

Mr. WILLIAMS. I wish to point out to the Senator from Illinois that I was a cosponsor of the amendment providing for doing away with the potato subsidy, and was one of the first to

criticize that program, and was supported in my effort by a majority of my party.

Mr. DOUGLAS. The Senator from Delaware has been a completely sincere representative of those and other issues. I only lament that the seeds of wisdom which he has sown did not bear fruit across on the other side of the aisle. But apparently he has now discovered his spiritual affinity for us, and has come over here to be with us.

Mr. WILLIAMS. I am glad to know that the Senator from Illinois is susceptible to my charms.

Mr. DOUGLAS. I will say I was susceptible to the logic of the situation.

Mr. BENTON. Mr. President, will the Senator from Michigan yield?

Mr. MOODY. I yield.

Mr. BENTON. I should like to have the attention of the committee chairman while I ask this question.

Mr. MAYBANK. Mr. President, I shall be glad to remain in the Chamber for a few minutes. However, the Senator from Nebraska [Mr. WHERRY] is waiting outside the Chamber to confer with me. With the help of Mr. Watkins, the Parliamentarian, we are endeavoring to arrange a unanimous-consent agreement.

Mr. BENTON. I was about to ask some questions in which I thought the chairman of the committee might be interested.

In line with the spirit of the recent colloquy with the chairman of the committee, does the Senator from Michigan feel that if the present roll-back proposal of the committee is adopted the administrative officers should be given 30 days in which to examine all the discrepancies and distortions and to take the kind of action which the distinguished committee chairman has suggested they take between now and the 1st of July?

Mr. MAYBANK. Is the Senator addressing the question to me?

Mr. BENTON. Yes.

Mr. MAYBANK. I may say that they had 5 days in January; they had 31 days in March; they had 28 days in February; they had 30 days in April; they had 31 days in May; they have already had 25 days in June, and they have done nothing. If we pass a bill leaving it wide open for them to take their time to do things, we shall never get anything done. What I am trying to do is to make them take some action to stop inflation.

Mr. MOODY. On that point, I may say to the distinguished Senator from South Carolina, the chairman of the committee, that CPR 22, which is the general manufacturing order, was delayed three times at the request of industry, for the purpose of adjustments. It will not become effective until July 2. The pending legislation is so complex that it could not be applied overnight.

Mr. MAYBANK. It is no more complex than the orders issued by the economic and price stabilizers through Mr. DiSalle and Mr. Johnston, which no one understands.

Mr. MOODY. I agree that they should be simplified as much as possible.

Mr. THYE. Mr. President, will the Senator yield?

Mr. BENTON. Mr. President, may I ask a further question?

Mr. MOODY. I yield to the Senator from Connecticut.

Mr. BENTON. Is it not true that the administrative officers have not only been delayed throughout this long period, as the distinguished Senator from Michigan has pointed out, by the absence of personnel, and, as the committee chairman has pointed out, by pressures from industry, but also by uncertainty as to what legislation Congress is going to enact, as the distinguished Senator has suggested?

Mr. MOODY. I believe that to be true.

Mr. BENTON. In view of the many reasons for delays on roll-backs and other actions on the part of administrative officials, if the Senate should make what in my judgment and the judgment of the Senator from Michigan would be the mistake of accepting the committee recommendation with respect to the new roll-back provision, could there not at least be attached to it a 30-day provision, so as to give to the administrative officers the opportunity to make the kind of adjustments which our distinguished committee chairman agrees are necessary?

Mr. MOODY. I thoroughly agree with the Senator from Connecticut. Sixty days would be better.

Mr. UNDERWOOD. Mr. President, will the Senator yield?

Mr. MOODY. I yield.

Mr. UNDERWOOD. Is not production the only key to meet the situation of high prices?

Mr. MOODY. Fundamentally that is true.

Mr. UNDERWOOD. We can enact all the laws we wish, and the Office of Price Stabilization can issue all the regulations it wishes, but unless we have beef in this country, beef prices will be high.

Mr. MOODY. That is certainly correct.

Mr. UNDERWOOD. Either because of the black market, or for other reasons. No one in any Eastern State is going to Texas to get cattle and bring them into a feed lot if there is to be a roll-back. The cattle feeders must have a little profit from their operations. I think the same thing is true in regard to parity price supports as is true with respect to what is undertaken in line with the intent of the Maybank amendment, which is to permit production, which is the only way in the world, in the long run, to keep prices down to a reasonable level. While we want to retard prices, we do not want to stop production.

Mr. MOODY. I agree with the Senator from Kentucky that we should not retard or stop production. I am confident that means can be worked out whereby we can have reasonable prices on beef without stopping production.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. MOODY. I yield.

Mr. LEHMAN. Is it not a fact that the cattle population at the present time is very near, if not quite up to the record of recent history?

Mr. MOODY. I believe that to be true.

Mr. LEHMAN. Is it not also a fact that the present level of the price of meat, which is 157 percent, is so high that no question is raised by any cattle

grower as to whether or not he is making very substantial profits?

Mr. MOODY. I believe that in general profits must be adequate, because of the price situation.

Mr. LEHMAN. And also because the cattle population is at such a very high level, very considerably higher than it has been in the past 2 or 3 years.

Mr. MOODY. The Senator from New York will recall, I am sure, that the problem in connection with the matter of production, to which the Senator from Kentucky [Mr. UNDERWOOD] refers, does not relate so much to the cattle population as to what happens when the cattle are placed in feed lots, and whether or not adequate feeding occurs. I think that is a very difficult problem. My own personal judgment is—I may be wrong, but I hope I am not—that if the proposed roll-back goes into effect, possibly with an incentive-payment system to absorb any actual losses, that in itself will stabilize the situation in such a way that we shall get production. There may be some individual losses; and I should be willing to support a proposal whereby there would be some sort of equalization payment made to any cattle feeder who actually suffers a loss and can prove it.

That is the same sort of problem that exists in connection with the copper mines of upper Michigan. When the Nation needs more copper, the question is whether to raise the price all along the line and make the taxpayers, who are buying a great deal of the copper produced in America, pay a higher price for all the copper which is produced, or whether to keep the price at a normal level and make an equalization payment of some sort to the high-cost mines to bring in additional production. If anyone is actually losing money in the feed lots, perhaps that would be the way to solve the problem. However, I do not believe that it is necessary to have the price of beef so high as it is today. I should like to have someone really spell out if there is a good reason for beef prices being so high.

Mr. LEHMAN. Of course, no provision is made in the bill as it came from the committee for the granting of subsidies. I intend to offer an amendment which would make it possible to grant subsidies in connection with marginal or high-cost production, with respect to agricultural products as well as mining products and other materials.

Mr. MOODY. I am glad to learn that.

Mr. President, I yield the floor.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the concurrent resolution (S. Con. Res. 11) reaffirming the friendship of the American people for all the peoples of the world, including the peoples of the Soviet Union.

PERSECUTION OF ARCHBISHOP JOSEF GROESZ

Mr. IVES. Mr. President, recently the free world has been shocked by the revolting story of the imprisonment and forced "confession" of Archbishop Josef Groesz. We can only speculate on what foul means were used to extract such distortions from that noble man's lips.

No matter what their religious background may be, all men of good will must join in deploring such suppression of religion. The lessons of the thirties must not go unheeded. Suppression of any religious group denies those values on which all religions are based.

The entire free world must join in extending a positive message of hope and encouragement to this imprisoned man of God. While the specter of Communist tyranny haunts men like Archbishop Groesz, no man of religion may be secure in the sanctity of his faith.

Mr. President, together with the distinguished senior Senator from Connecticut [Mr. McMAHON] I have prepared a resolution, which reads:

Whereas the arrest, confinement and trial of Archbishop Josef Groesz in Hungary evidences anew the abridgment and violation of fundamental human freedoms guaranteed in the treaties of peace and reaffirmed in the United Nations Charter: Now, therefore, be it

Resolved, That it is the sense of the Senate that these actions should be strongly protested in the United Nations or by whatever other means may be appropriate.

I ask unanimous consent to submit the resolution and ask that it be appropriately referred.

The PRESIDING OFFICER. Without objection, the resolution will be received and appropriately referred.

The resolution (S. Res. 163) submitted by Mr. IVES (for himself and Mr. McMAHON), was received and referred to the Committee on Foreign Relations, as follows:

Whereas the arrest, confinement and trial of Archbishop Josef Groesz in Hungary evidences anew the abridgment and violation of fundamental human freedoms guaranteed in the treaties of peace and reaffirmed in the United Nations Charter: Now, therefore, be it

Resolved, That it is the sense of the Senate that these actions should be strongly protested in the United Nations or by whatever other means may be appropriate.

Mr. McMAHON. Mr. President, I join with my colleague the distinguished senior Senator from New York [Mr. IVES] in his expression of sentiment relative to the persecutions which are now going on in Hungary. The archbishop and his associates, who are being persecuted in Hungary, are mostly in the news today. However I understand there is a tremendous wave of persecution now going on all through Hungary.

Persons who belong to what is now left of the middle class are being taken from their homes in the dead of night and shipped in cattle cars to God knows where. It would seem that there is a new wave of extermination under way which may proceed through all satellite states.

Mr. President, I can only say that such actions, horrible as they are, would seem to indicate that back of the iron

curtain there is a growing disaffection within the police states. As more and more persons are placed in concentration camps, it cannot but weaken the forces which would seek to overwhelm us. I think it is most important that we in the Senate, as we did in similar cases of persecution, evidence once again our feeling of loathing and revulsion for the terrible men who are committing these horrible crimes against God and mankind.

EXTENSION OF DEFENSE PRODUCTION, AND HOUSING AND RENT ACTS

The Senate resumed the consideration of the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

Mr. DIRKSEN obtained the floor.

Mr. CARLSON. Mr. President, will the Senator from Illinois yield so that I may suggest the absence of a quorum?

Mr. DIRKSEN. I yield for that purpose.

Mr. CARLSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The roll was called, and the following Senators answered to their names:

Anderson	Gillette	McKellar
Bennett	Green	McMahon
Benton	Hayden	Millikin
Brewster	Hendrickson	Monroney
Bricker	Hennings	Moody
Bridges	Hickenlooper	Mundt
Butler, Md.	Hill	Neely
Butler, Nebr.	Hoyer	Nixon
Byrd	Holland	O'Connor
Cain	Humphrey	O'Mahoney
Capehart	Ives	Pastore
Carlson	Jenner	Robertson
Case	Johnson, Colo.	Russell
Chavez	Kefauver	Saltonstall
Clements	Kerr	Schoeppel
Connally	Kilgore	Smith, Maine
Cordon	Knowland	Smith, N. J.
Dirksen	Langer	Stennis
Douglas	Lehman	Taft
Duff	Long	Thye
Dworshak	Magnuson	Underwood
Eastland	Malone	Watkins
Ellender	Maybank	Welker
Ferguson	McCarran	Wherry
Flanders	McCarthy	Wiley
Frear	McClellan	Williams
Fulbright	McFarland	Young
George		

The PRESIDING OFFICER. A quorum is present.

The Senator from Illinois has the floor.

Mr. MAYBANK. Mr. President—

Mr. DIRKSEN. I yield to the Senator from South Carolina.

Mr. MAYBANK. Mr. President, I appreciate the Senator's courtesy in yielding to me. The proposed unanimous-consent agreement is not quite prepared as yet. It is possible that a little later either the majority leader or the minority leader may ask the Senator to yield, in order that we may be able to consider the proposed agreement when it is prepared.

Mr. DIRKSEN. I shall be glad to yield for that purpose.

Mr. MAYBANK. I thank the Senator.

Mr. DIRKSEN. Mr. President, when the pending bill was reported by the Banking and Currency Committee, there was one vote against it. That vote was mine. It was cast in the utmost sincerity, because I have a deep and abid-

ing conviction in regard to some of the provisions of the bill. I do not know what the ultimate disposition of the bill will be or whether there will be votes against it; but unless the bill is modified in substantial form, there will be at least one vote against it, and that vote will be mine. So, Mr. President, I propose to take a little time this afternoon not only to delineate my own viewpoint in regard to the bill, but also to redevelop a little of the background behind the 1950 bill.

It was just a year ago that the troops moved into Korea. I was in the field at that time, contacting many persons at group meetings. I remember the feeling and the passion and the sense of distress which came to people everywhere, and it was quite common to hear them say, "Well, this is it." A note of defeatism was expressed, and over and over again people talked about the inevitability of war. I think they envisioned another catastrophic conflict in the form of world war III. Let me say parenthetically, Mr. President, that I certainly do not share that sense of defeatism.

However, it was 3 weeks after that action that the President sent a message to Congress. The interesting thing about his message is that at that time the President did not ask for controls. It was not until hearings had gotten under way in the House committee and in the Senate committee, and not until after the testimony of Mr. Baruch—and if there is any member of the Senate Banking and Currency Committee who was in attendance at those hearings, I shall be glad to have him correct me if I am in error about them, because I was not a Member of the body at that time—that amendments were suggested for a price freeze; and even then the President of the United States was rather disinclined to accept them. However, provisions for controls were finally incorporated in the bill. So today we have before us an extension of the 1950 act, which became law on September 8 of last year.

We have had quite a time wrestling with this bill in the Senate committee, Mr. President. One hundred and sixty-five applications came from national organizations to testify before the committee. In view of the limitation on time, it was necessary to reduce that number to approximately 65 organizations and some individuals. Nearly 2,000 pages of testimony were taken on the bill and on the 47 amendments which came from the other end of the Avenue.

When the act became effective in September of 1950, of course, it was necessary to obtain a Price Administrator. However, if my friend, the Senator from Michigan [Mr. MOORE], is now in the Chamber, I wish to correct him about one matter: Unless I am in error and cannot read the English language, in that act there is not the slightest hint of the creation of a separate agency for a Price Administrator.

I remember that when the Office of Price Administration was created in 1942 and my distinguished and lamented friend, Leon Henderson, became the first Price Administrator, I was a member of the House Appropriations Committee. I

almost fell out of my chair when he came before the committee and gently suggested that he expected to have 66,000 full-time employees to monitor the people of America and keep them in line. The appropriations for that agency finally amounted to \$201,000,000 in a single year.

I may state for the edification of the Senate and for the information of the country that I asked Mr. DiSalle what requests and estimates he had in the new budget. He presently has somewhat more than 6,000 employees. He is asking for 29,000 more. So, Mr. President, he will have a force of 35,000 persons in order to enforce the directives, edicts, ukases, decrees, regulations, and so forth. So the agency will be a rather substantial one before we get through.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. MALONE. Does the distinguished Senator from Illinois have any idea that the 35,000 employees will be the maximum number of those who will be employed by that executive agency?

Mr. DIRKSEN. Mr. President, I discovered from rather painful experience when the OPA was operating that not only did the number of employees of that agency increase, but, in addition, more than 100,000 persons were recruited to cooperate in the policing effort. So 35,000 may not be the maximum number of employees of the present agency, which is just getting started.

I wish to say to the Senator from Indiana [Mr. CAPEHART] that this power could have been delegated to any Cabinet officer, because the power is, by the act, delegated to the President of the United States, and the cooperation of all the executive agencies is enlisted. So, although it may have been difficult to find a Price Administrator, and although the effort proved abortive for quite a while, yet the fact is that any Cabinet officer or any person in the executive agencies could have been used at any time for that purpose.

I wish to comment again on the point that 25 persons were considered before an Administrator was finally obtained. The first person selected was Mr. Alan Valentine, a very distinguished scholar, a very distinguished economist, and a very distinguished American. When it is said that he had no sympathy with compulsory price controls, it should be pointed out that he was only echoing the sentiment which had been expressed by the President of the United States when the 1950 act was under consideration and when testimony was being taken in the Senate Banking and Currency Committee and in the House Banking and Currency Committee regarding it. Mr. Valentine knew fairly well what he was about; and in the Sunday morning press he had a two-column article stating that in his judgment the effort would be futile and expensive and tragic and that it did not come to grips with the fundamentals or with the real causes of inflation and the inflationary pressures which disturb us at the present time.

The nomination of Mr. DiSalle, it will be remembered, was confirmed on the 6th of December, and the nomination of

Mr. Wilson, Director of Defense Mobilization, was confirmed on December 20; and it was on the 26th of January, but one day after the placing into effect of controls, that we got the general freeze. After all the testimony, 2,000 pages of it, I found myself unpersuaded, I found myself unconvinced; and I am unconvinced now.

What we are dealing with essentially, and were at the outset, was a scare-buying volume, which was the most natural thing in the world, because of the irresponsible statements and the irrational pronouncements which were issued from Washington. What was more natural, when people in Washington, in my home town in Illinois, and elsewhere could recall so vividly the coffee queues, the nylon lines? One had even to line up in order to get into a picture show. We became indoctrinated with the complex of forming queues in order to get a pound of coffee or a pair of nylon hose which would fit. So, when scare statements go out to the public, what should be more natural than that, first of all, individual families should say, "This is it, we might just as well get ready"? The Government taught the American people that. So, will anyone quarrel about that now? No. The people have long memories; they are wise; they are smart, in the accepted sense of that word; and they are not going to get caught at a disadvantage this time, if this country shall be projected into an overwhelming conflict, in meeting the kind of conditions with which we had to contend starting back in 1942.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. MALONE. Does the distinguished Senator from Illinois recall that about July or August, 1950, when we first discussed price controls, the Government sent tons of materials throughout the country, saying, in effect, that the housewives must not hoard—thereby indicating that they had been hoarding, when as a matter of fact, they had not even thought of it—but the propaganda itself started the very buying they said they wanted to avoid. So then, of course, there was a wave of buying.

The junior Senator from Nevada said at that time, "The time to hoard is when there is a plentiful supply of commodities on the market; the time to fill the cellar is when the goods are available." They mentioned sugar, particularly when it was possible to get another shipload of sugar from Cuba at any moment. Does the distinguished Senator remember that that was done, that propaganda was sent out, along that line?

Mr. DIRKSEN. I know, from the figures which were submitted to the committee, that retail sales went up from June 1950 to February 1951, by one and one-third billion dollars, retail inventories went up by \$3,100,000,000, and manufacturing inventories went up by \$5,600,000,000. That was simply a reflection of the statements which were made to the country, which frightened the people who did what human behavior has dictated since the beginning of mankind, namely, to come out of the rain, if possible. That is what our people did.

Mr. MALONE. Mr. President, will the Senator yield further?

Mr. DIRKSEN. I yield.

Mr. MALONE. Then, does the distinguished Senator from Illinois remember that, after 2 or 3 months, the date being relatively unimportant, but in the early fall, they sent out another type of propaganda to the effect that "now is the time to buy"? In other words, they were trying to influence the buying and selling and were thereby causing the buying sprees. To bring about the necessity of controls they excite the buyers, then try to allay fears; and now again, they are building up the fears, are they not, to get extension of controls?

Mr. DIRKSEN. Yes. There is one other thing to which I desire to allude. One would assume, from all the discussions we have heard, that there was no inflation before the announcement came with respect to Korea. The country was in a roaring inflation, as a matter of fact, and the conditions brought about by the emergency simply threw more fuel upon the fire and built it infinitely higher.

Mr. MALONE. Mr. President, will the Senator yield further?

Mr. DIRKSEN. I yield.

Mr. MALONE. The distinguished Senator from Illinois will certainly remember that the first act of the Democratic administration, in 1934, or one of its first acts, was to remove the metal base of the currency.

In other words, they followed the pattern of the rulers of nations throughout the world for 2,000 years of recorded history, who, when they wanted to control their people, first removed the thing they had been using for money, giving them something which they could fully control. They removed the gold and started printing money freely, did they not?

Mr. DIRKSEN. That is true.

Mr. MALONE. Then we have never made any attempt to stop inflation.

I may say to the distinguished Senator, if we try to stop the price at the top, it is like a man putting his thumb on the snout of a teakettle without extinguishing the fire under it. The teakettle simply keeps on creating steam. He knows that finally he is going to be scalded and hurt, and it is but a question of time; and that is just what we are now building up through controls.

Mr. DIRKSEN. I have said on occasion that high blood pressure is not cured by putting a man in a strait-jacket; and that is about what is being attempted.

But, Mr. President, to continue. First, I think everyone would like to find the answer to inflation. It is a common search, and I believe inflation represents a common fear in the country.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield briefly.

Mr. MALONE. I should like to say to the distinguished Senator, I thoroughly agree with him regarding that point. But further, there has been no attempt to stop inflation. It is easy to stop inflation; the President has the necessary machinery in his hands, but he will not use it, because the man who stops infla-

tion will not be popular as President of the United States.

Mr. DIRKSEN. I said that certainly it is quite different from applying the real remedy. There is a search for it, there is a constant effort to find it. In some places it has been found. The people have found it in our neighboring country of Canada, and they have no price controls there; they eschew them and run from them as if there were something leprous about them.

Now, Mr. President, I wish to allude to what my friend from Nevada has just said, because one of the high and mighty councils we have in the country today is the Council of Economic Advisers. Frankly, I was astonished to find in their midyear report for 1950 this statement:

But it is no solution to overcome an inflation by private or public policies which turn the economy downward, for this not only carries us into an even more difficult situation, but also leaves us with a prospect of a restoration of inflationary trends as we shake off the recessionary threat and move vigorously forward.

That is like having Mr. Keyserling say, "Why stop it, because, afterward, you are going to have inflation all over again?" But, while I differ with my committee colleagues, and while I voted against the report on this bill, I think it ought to be said for me that I try, in my own humble way, to find the answers as best I know how, and I am not going to be taken off the rock of conviction by letters or by importunings; and I am not going to be taken away from my conviction with respect to what I think is the ultimate destiny of the country. I would rather be the only one in the Senate to intone my voice to the Reading Clerk and say "nay" when this bill comes to a vote, if it is a matter of conviction, and, Mr. President, I assure you that it is.

There are differences of opinion as to the best way of reaching the objective. That is not at all strange. It will be remembered that Henry Ford once said, "My policy is to reduce the price, extend the operation, and improve the article." That was a great American slogan; and he built his business, of course, into a transportation empire. The Ford Motor Co. sent us a representation that they favor certain controls, with modifications, and then they say, also, that they believe that a price rise for Ford cars is overdue. If I am wrong in that statement, I hope I shall be corrected.

Ten years ago—to be exact, it was on January 29, 1941—"Charley" Wilson, the Chief Mobilizer, said in the course of a speech in New York:

We must demonstrate that the public-spirited people administering the private enterprise inherently and actually excel the people comprising the political organizations as instrumentalities for insuring an ever-increasing measure of economic freedom and security for all of our people.

The free-enterprise system must either deliver the goods or be pushed aside * * * for Government agencies will then come into being.

That was Mr. Wilson, speaking 10 years ago. Ten years later he comes into the Government. I respect him and his capacity as a brilliant businessman and

a capable organizer, but today he favors controls and putting the country into a strait-jacket. I said:

Mr. Wilson, in essence, what you are saying to us is this: You would have the American people, through their Representatives in Congress, surrender their freedoms until June 30, 1952, and then, if things work out all right, we will restore those freedoms to them. How can you be sure?

One can lean out of a window too far just once, and then he is going to hit the ground. A nation can lean out too far only once, and then the question is, Do you finally get your freedoms back?

It is on that basis, and on the basis that mischief comes from the human heart and the human brain, that I have got to be convinced beyond the point where I have been persuaded before I can, with a sense of conviction, approve this bill so long as it contains its present control features.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. MALONE. As the distinguished Senator from Illinois will remember, when the bill passed last year there were three votes against it. They were the votes of the Senator from Delaware [Mr. WILLIAMS], the Senator from Montana [Mr. ECRON], and the present speaker, the junior Senator from Nevada.

There was one argument made against it on the Senate floor, and that was by the junior Senator from Nevada.

There is only one answer to a scarcity of meat, for example, and that is more meat.

If the great DiSalle, who has laid down these orders running lean steers out of the feed lots, would give a little more thought to adopting principles that would bring more steers into the feed lots—and my statement relates to other products as well as beef—there might be some expectation of lower prices for the consumer.

If we are to adopt the system which is used in the very countries which we are trying to defeat as soon as an emergency arises, then we cannot possibly increase our production, which is necessary. We cannot go any place in the direction of this bill.

Mr. DIRKSEN. I doubt it.

We are confronted by three points of view. First of all, the viewpoint of those who would take the bill without any modification whatsoever. It had seven titles, relating to inflation control, allocations and priorities, requisitioning of property, expanding productive capacity, making amortization loans, and the price, wage, and rent stabilization feature, settlement of labor disputes, the control of credit, and the enforcement provision.

The second viewpoint might be represented by the act of 1950, plus the proposal written into the bill by the committee against further roll-backs, recognizing the validity of the roll-backs which were made, especially insofar as they relate to cattle.

There was one other, and that was a modification of regulation W as it related to automobile credit. The Federal Reserve Board was given broad powers

in the act, and out of those powers came regulation X and regulation W.

Television and radio manufacturers appeared before the committee and stated that they had 600,000 radio and television sets in storage ready to be sold, but they could not sell them because of the credit restrictions.

Representatives of automobile manufacturers came before the committee. I say this not with any malice, but I was just a little tickled when my predecessor in office, the former majority leader of this body, came before the committee and asked that we relax regulation W so that it would not affect the financing of automobiles.

He said:

Mr. Chairman—

Referring to the very distinguished and genial chairman of the Committee on Banking and Currency—

if I had had the slightest idea that the Federal Reserve Board was going to take the powers delegated and use them in the way it did, I would have insisted that there be a floor under those powers.

My friend, Mr. Lucas, got smart when he left this distinguished body, because he now has a different idea.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. MAYBANK. I think the Senator from Illinois will agree with me that no one has worked any harder than have he and I to try to get the Federal Reserve Board to be realistic in its approach to this subject. The Senator has spoken of automobiles, television sets, and radio sets. For those who are employed in their manufacture and those who finance those industries, it would not be any more anti-inflationary for automobiles to be tied up in a yard than it would be to permit them to be sold to someone who was employed in the war effort, would it?

Mr. DIRKSEN. There is real truth in the Senator's statement, and I appreciate the encomium which the Senator has bestowed upon me.

Mr. President, the Senate Banking and Currency Committee was persuaded by the observations of my distinguished predecessor, so that it did, at the instance of the Senator from Indiana [Mr. CAPEHART], write a modifying provision into the bill.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield to the distinguished Senator from Ohio.

Mr. BRICKER. I should like to emphasize the fact that the 600,000 units of radio and television sets mentioned by the Senator are in manufacturing inventory.

Mr. DIRKSEN. Yes.

Mr. BRICKER. The former leader of the majority in this body was joined by the former Democratic whip of the Senate in advocating the elimination of regulation W, which they were both active in getting passed. Is not that correct?

Mr. DIRKSEN. That is correct.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. MALONE. I should like to ask the Senator from Illinois what wage bracket is first affected by regulations such as those promulgated by the Federal Reserve Board.

Mr. DIRKSEN. I do not know; nor do I know whether they are tied to any wage bracket.

Mr. MALONE. The wage bracket first affected by tighter credit controls is that of the workingman, is it not?

Mr. DIRKSEN. I was wondering whether the Senator was talking about the Federal Reserve Board, and whether they had that in mind. I do not know. They did not say. But when such a regulation is imposed, the first persons hit are the humble people of America. When the question was put to Mr. Green, president of the American Federation of Labor, and the background was spelled out, he said to the committee that the regulation should be flexible. That is sensible, and I think that is what we have been contending for.

Mr. MALONE. It does not make very much sense, unless we want to stop the lower-wage-bracket folks from having these conveniences, because the people who can simply pay cash are not affected, and the only ones really affected by such regulations are the lower-wage earners.

Mr. DIRKSEN. That is quite true.

Mr. President, I said there were three points of view. One was in favor of the original act as such being extended for 8 months or a year. The second was to take the original act and put in two provisions on roll-backs and the modification of regulation W, to which I referred. The third, of course, would have been to take the original act plus the amendments which are embodied in a bill covering 47 pages. There has not been very much discussion about it. I think the committee in its wisdom rejected virtually in toto the amendments which came from the other end of the Avenue.

Among other things the President wanted—and I say “the President” because these matters came, after all, from the White House and the Bureau of the Budget, and, of course, had the blessing of Mr. Wilson and his associates—among other things there was the exemption of certain types of hoarders and certain kinds of hoarding. They wanted power to condemn property, to take a man's property without asking him whether he wanted to surrender it. They wanted subsidies for foreign agricultural products. There was a provision which I spelled out for myself as authority to pay food subsidies to producers under certain conditions. There was authority to acquire and build more plants, as a matter of fact. I do not know that I want to give my blessing to that unless it can be shown that it is indispensable to the defense effort of the country. There was the power—and oddly enough it was compressed in probably not more than 20 words—to create more Government corporations. It put no limit on such corporations. It did not say what kind of corporations they were to be. It simply would give to the Government blanket authority to create Government corporations within the will

and discretion of the President of the United States.

Mr. MALONE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HOLLAND in the chair). Does the Senator from Illinois yield to the Senator from Nevada?

Mr. DIRKSEN. I yield.

Mr. MALONE. Since the beginning of our Government we have had the law of eminent domain relating to the matter of condemning and purchasing private property. The law of eminent domain can be utilized when there is any desire on the part of the Federal Government to obtain property for any legal purpose. Is it not true that property can be condemned in the regular course under the law without delay?

Mr. DIRKSEN. Yes.

Mr. MALONE. Then why should the Government seek further power along such lines? It is just a “sleeper” to be used for ulterior purposes.

Mr. DIRKSEN. That is a question which is constantly asked: Why was this power needed?

I continue with the other powers which were requested. The power was requested to make virtually unlimited loans. Also the power to set price ceilings below parity. And then the power was requested to freeze parity.

Then request was made for the creation of a council for production planning to bring everybody in. It did not specify particularly those who might have an interest in the matter. So anybody could be brought in.

Then there were additional penalties and sanctions. Mr. President, I like the word “sanctions.” It is a good mouth-filling term. But it takes on rather a mean aspect when it is spelled out. So there were pages of penalties and sanctions.

Then more damages and certain kinds of damages in enforcement suits.

Then of course there were licenses. The authority to license business so that one would be doing business conditionally, just as in the radio industry and in the television industry. A man gets a license which lasts for 6 months. The conditions of course are that he comport himself according to the regulations which are issued by the Federal Communications Commission, and if he fails to do so, his license can be suspended or even revoked. So a man would be doing business conditionally and his license could be suspended. It might be revoked for a limited period of time. A man might find himself in the toils of the Federal court.

And then of course there were credit restrictions on existing housing. Homes built 5 or 6 or 10 or 20 years ago were to be brought in.

Then there was the regulation of trade on the commodity exchanges. I have placed some figures in the RECORD to show that in the case of lard, eggs, and other commodities which are traded in on the exchanges, such as the one in Chicago, we have the largest volume of trading, and there is the smallest percentage of price rise. So the theories which were advanced to us simply did

not stand up on the basis of experience.

Then there was the broader re-delegation of power; and finally legislative hearings by the President. Frankly I have never seen that in a bill before, where the President could call a person in, and I suppose by persuasion or otherwise, compel him to testify, to give of his knowledge, his talent, his background, even though he might be unwilling to do so. The procedure was not spelled out, but at least the power was there.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. WILLIAMS. The Senator from Illinois referred to the President's request for the regulation of trading on the commodity exchanges. Apparently this was for the purpose of stopping speculation, but I wonder if the President had in the back of his mind that he wanted to stop Government officials from speculating. I remember this was the situation we discovered a few years ago.

Mr. DIRKSEN. The junior Senator from Illinois cannot very well observe on that statement. But we could see no necessity for handing over control of margin trading on the commodity exchanges of the country.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. CARLSON. I was interested in the comment of the Senator from Illinois in regard to the powers of persuasion on the part of the President of the United States, as it might affect legislative action. I believe it is less than 10 days ago that the President went on the air and appealed to the public of the Nation to let the Members of the Congress know their views on controls and price ceilings. I was expecting in my own office a large volume of mail. The truth is that I received nine letters in which the writers mentioned that they had heard the President's speech. Eight of them opposed and one favored price controls.

Mr. DIRKSEN. The Senator expected a mountain, and he got a mouse.

Mr. CARLSON. That was what I received recently, but previous to that time one of the commentators went on the air, and my office did receive, thereafter, 17,000 letters.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. BRICKER. On the question of commodity exchanges I wish to say that in the hearings every Government witness was interrogated as to the effect control of commodity exchanges would have on the ultimate price to the consumer. No one said that it would have any effect, except temporarily, when the little fellow rushes in, when there might be an inflation of prices to the ultimate consumer. That was the only excuse given. No proof was offered to the committee at any time in the memory of the Senator from Ohio as to what effect commodity exchange trading would have upon the price to the consumer or the price of any commodity.

Mr. DIRKSEN. That is correct, Mr. President, I wanted to develop this background. The hearings began on the 7th day of May and ran well into June, and then the committee sat behind closed doors and endeavored to contrive some kind of a bill which might be brought to the Senate floor. The Chairman of the committee, the Senator from South Carolina [Mr. MAYBANK], presided with rare patience, and has done a masterly job, and the bill is now before the Senate for consideration. As I indicated at the outset, I voted against it, in committee, and, so, I think I ought to make my views known somewhat about this matter.

First of all, I fully recognize the necessity of what I refer to as the military features of the bill. Allocations and priorities are, in my judgment, necessary to the defense effort. I recognize that the President or some agency of Government must have power to requisition material, and take over property. I also recognize the necessity for credit control, because it is consonant with my own views, Mr. President, as to how I think inflation ought to be controlled. But I could not bring myself to approve this measure so long as it contained the physical control features. So, the burden of my observations today will be devoted mainly to the question of wage, price, and rent controls.

At the outset, by way of prelude, let me say that I am not unmindful of the fact that perhaps I will be called the enemy of the housewife. I understand that in one of the newspaper columns this morning I was referred to in that way. Mr. President, my antecedents have been humble. I shall not take the time of the Senate to dwell upon them, except to say that I started out in blue jeans when I went to school, one of five kids who lost his father at the age of five. Mr. President, no matter how long one lives, I do not believe that the heart develops such encrustation as to make one insensible to the welfare of his country.

I wore the uniform of my country on the western front in 1917, and I am sensitive enough not to like the kind of reference to which I have alluded because I think it is extremely unfair. But I shall not throw back at those who talk that way, because I have learned to defend myself, and so long as one stands upon what he thinks is his convictions, nothing else matters. With that feeling and with that instinct in my heart, Mr. President, I will say simply that I am against the physical controls which are provided for in the bill, and that applies to price controls, and wage controls, and rent controls.

First of all, I would say that they would not be needed if some of the irrational and unsupported statements that go out from the Nation's Capital were stopped.

If we persist in this sort of thing, we shall continue to frighten the people, and there will be a continuation of scare buying. The result will be to add to the inflationary fever.

It is strange, is it not, that our neighboring country to the north, where con-

ditions are not unlike those in our own country, and where a defense program is in progress, has got away from price controls? They were never imposed. I have before me a very interesting article by James Muir, president of the Royal Bank of Canada, in which he sets forth, seriatim, quite to my heart's content, what he esteems to be the way to meet inflation. In his summation in the article from the Tax Review for March 1951, he says:

Direct controls, especially in the form of price control and rationing, should be measures of the last resort.

They have met their problem in the general credit field, and reasonably satisfactorily.

So I affirm that we could get along without this program. Productivity and production being what they are, the economy would level off, and it would not be necessary to place an unconscionable burden upon the people.

A little while ago I diverted myself by reading Ceiling Price Regulation No. 7. It deals with retail selling prices for certain consumer goods. Senators ought to take a little time off to read that document. It is one of the most intriguing mental exercises I know of. When one finishes reading it, he finds that he has been through an etymological bath. He wonders where he has been, and how a humble merchant can understand what is written upon that piece of paper. So I advise Senators to read CPR No. 7. It is a very engaging mental exercise.

I reaffirm that we would not need controls if we gave the economy half a chance and stopped the business of frightening people and exaggerating everything, which seems to be the custom today. The President talks about disaster. I do not believe that that is a good, rational way to talk to the American people. I do not believe that he has implemented his case by pointing out the disaster at all.

The second reason why I am against controls is that they are a palliative. They are secondary. On Sunday I was on the television with my esteemed colleague, the Senator from Illinois [Mr. DOUGLAS]. I think I can safely say that as an economist he shares the view that controls are of secondary importance, that they are palliative. I think he approaches the question from the proper angle—that we have extraordinary conditions, and consequently the other weapons must be implemented with price control. But price control does not deal with causes. It deals only with symptoms. It deals only with effects.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. ROBERTSON. I was interested in the comment of the distinguished Senator from Illinois to the effect that credit, price, and wage controls do not deal with causes. I received a letter to that effect today. One of my valued constituents wrote me that he wanted all prices frozen and many of them rolled back, but he wanted nothing done to wages until he had had two more increases.

Of course, all economists will tell us that the inherent cause of inflation is a

situation in which spending power outstrips production.

Mr. DIRKSEN. Certainly so. That is the contention which the Senator from Illinois has made ever since he started to give some attention to this problem, back in 1941, when my esteemed and learned friend from Virginia and I were serving at the other end of the Capitol.

Mr. BRICKER. Mr. President, will the Senator from Illinois further yield?

Mr. DIRKSEN. I yield.

Mr. BRICKER. Has the Senator any illusions about this being an anti-inflationary bill?

Mr. DIRKSEN. The bill before us?

Mr. BRICKER. Yes.

Mr. DIRKSEN. Indeed, no.

Mr. BRICKER. I was about to ask if there were any anti-inflationary aspects about the bill. If so, I should like to have them pointed out to me. I think the whole import of the bill is inflationary instead of deflationary.

Mr. DIRKSEN. Yes. That is the point I made a while ago, that we are frightening the people more and more; and the effect will be exactly contrary to deflation.

Mr. BRICKER. The only claim for deflationary effect in this bill is with respect to price and wage and rent controls, which have nothing to do with fundamental causes. The bill treats only the outward aspects of inflation.

Mr. DIRKSEN. The Senator from Ohio is correct. I wish to assign some observations to that very question.

The root cause is fiscal, and in the credit field. I think the record will bear out that statement. The law, including a delegation of power to the Federal Reserve Board, became effective on September 8, 1950. A long time went by before the Federal Reserve Board ever actually, vigorously, and diligently moved into the credit field. If that is not a correct statement, I defer to my esteemed friend from Virginia, whom I recognize as an authority in that field when it comes to the Federal Reserve Board. But there was dilatory action on the part of the Board. So the economy got out of hand. That situation was coupled with scare buying when we invaded Korea, and we had a situation which was to be expected in view of every principle of human behavior of which I have any knowledge whatsoever.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. JENNER. In the President's speech on this subject is he not again attempting to bring on scare buying when he says:

In the next few months, as shortages of civilian goods develop, the danger of inflation will become more and more serious.

Is not that an invitation to further scare buying?

Mr. DIRKSEN. I would not be a bit surprised, although I would not attribute anything deliberate to the President in that field. I try to recognize that he is just as earnest in discharging his responsibilities as we are. I shall not reflect upon his purposes or motives. I simply disagree with him.

The real root force, and the first of the root forces, is Federal spending. Let me say to my senatorial colleagues that I have seen no tangible evidence in this body that we are coming to grips with the question of Federal spending. We are pouring more and more billions into the economic bloodstream. It all becomes consumer dollars. If there is anything to the inflation equation, the price finally equals the amount of spendable money multiplied by the velocity of the money, checked against the available consumer goods in the country. I have always been taught that. I think it is a sound formula. I think it is sound doctrine. However, the Government and the Congress themselves violate that doctrine by pouring more and more spending money into the economic arteries of the country.

Does that statement require any proof? What happened last week? An amendment was offered to a bill which would charge the Federal Treasury with another \$250,000,000 of public-assistance payments by modifying the social-security formula.

What happened when we had under consideration Senate bill 445, to establish public-health units in all the States? I had to embarrass one or two of my colleagues who kept saying, "It will cost only \$15,000,000," or "It will cost only \$20,000,000." I had to say to the Senator from Minnesota [Mr. HUMPHREY] and to my colleague [Mr. DOUGLAS], "I am sorry, but you forget the testimony which was taken a year ago. It will not cost \$20,000,000. It will cost \$80,000,000 out of the Federal Treasury and \$160,000,000 out of the State and local treasuries. That is a total of \$240,000,000."

We authorized it; and if the House passes favorably upon it, we shall disburse more and more money into the economic bloodstream. It is like holding one's hand on a teakettle lid and stuffing up the spout while forgetting to turn off the gas. The result will be an explosion.

Mr. McKELLAR. Mr. President—

Mr. DIRKSEN. I yield with delight to my esteemed friend from Tennessee.

Mr. McKELLAR. The Senator from Illinois will recall that last week we passed the Labor and Federal Security appropriation bill and the independent offices appropriation bill. We saved a very large sum of money. I do not recall exactly what the total amount was, but it was in the millions of dollars. It should help.

Mr. DIRKSEN. I hope so.

Mr. McKELLAR. The Senator voted for the bills.

Mr. DIRKSEN. Yes, indeed. I will be on that side any old time. Then we had a dispersal bill before us, involving \$107,000,000. The distinguished occupant of the chair [Mr. HOLLAND] gave very earnestly of his time to that bill, because his heart was in it. I was distressed that I had to oppose him on the floor. We agreed to a motion to recommend the bill. It involved \$107,000,000. I was not against it as such. What I was concerned about mostly was that if the inflation danger is as great as it is said to be, why do we not start, as charity

starts, at home, in this Chamber and in the Chamber at the other end of the Capitol, in coming to grips with the moving root causes which develop inflation?

Mr. BRICKER. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield.

Mr. BRICKER. The Senator recalls, does he not, that in the record of the hearings there appears the testimony of Mr. Martin, the Chairman of the Federal Reserve Board, as well as of other witnesses, to the effect that Government money is multiplied by about five when it is expressed in the form of impact upon the credit and currency of the country?

Mr. DIRKSEN. Yes.

Mr. BRICKER. The Senator realizes, does he not, that in the public-housing program, by the authorization of 50,000 housing units, we pumped into the pressure of inflation more than \$3,000,000,000?

Mr. DIRKSEN. Yes; that is correct.

Mr. BRICKER. It is more than double the savings we made by all the votes of all the Senators in the appropriation bills which we have passed thus far.

Mr. DIRKSEN. Yes; it becomes cheese paring, and it does not go to the root of the problem. It will take much more heroic action than that to remedy the situation. If we could get away from irresponsible statements and inspire a degree of confidence in the American people, we would experience a leveling process and we would not have to put our country in a strait-jacket.

Secondly, I am opposed because I think it is a mustard plaster when a surgeon's scalpel is needed to cut deep.

Thirdly, as I pointed out, we are not going to the root cause.

Mr. President, we have an advisory committee in existence in the mobilization set-up. They issued a rather interesting release under date of June 22. It comes from the executive office of the President, Office of Defense Mobilization. For all I know it may have appeared in the press. I shall only summarize it. At first they set up the background, and then say that among the weapons needed are, first of all, economy and a balanced budget. They stress taxes. They stress credit. They speak of flexible credit. They speak about keeping the debt within manageable dimensions. They speak about interest rates. They speak about allocation of materials which are in short supply. This is what they say about prices and wages:

Direct controls of prices and wages are at best supplementary methods for helping prevent the inflationary gap from becoming larger until it can be closed by the more fundamental remedies which reduce excess purchasing power and increased production.

Who made that statement? I did not make it. It was made by the members of the National Advisory Board on Mobilization Policy. Many distinguished Americans are members of the Board. The membership of the Board includes George Meany, of the A. F. of L.; Philip Murray, who I understand signed with

some reservations; Paul Porter, who at one time was Administrator of the OPA; and Walter Reuther. It seems to me it is rather faint praise for a price-and-wage-control set-up such as is proposed within the dimensions of the pending bill.

Mr. President, I say—and one of the reasons I assign for my attitude—that it becomes a rather clumsy and uneconomic approach. We have 9,000,000 prices in the country. We have 35,000 employees to administer the program. Perhaps that is not the top number. Then it runs athwart some rather interesting situations.

The Commodity Credit Corporation, as I understand, lost \$276,000,000 last year in supporting prices. We support the prices from the bottom, and then we put a ceiling on prices at the top. In that way we get the old millstone effect.

I am glad that my good friend, the Senator from Delaware [Mr. WILLIAMS], has taken account of the situation and is endeavoring to cure it with the amendment which is now pending and will be voted on first.

Mr. KILGORE. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. KILGORE. I should like to ask the distinguished Senator from Illinois for a short definition of "inflation" as he has used the word.

Mr. DIRKSEN. I can give the Senator many definitions. I could define "inflation" as a cheapened and depreciated dollar. That is the short definition. I can give the Senator a definition which I believe will stand up and which is in accordance with the sound economics I have learned. The definition is that inflation results from too many dollars with too much velocity of those dollars against a limited or unavailable supply of goods.

Mr. KILGORE. I may say to the distinguished Senator from Illinois that inflation is actually the depreciation of the purchasing power of a unit of value, such as the dollar.

Mr. DIRKSEN. Yes; I just stated that it was the short answer or definition. It is a cheapened and depreciated dollar.

Mr. KILGORE. The Senator has stated that the Government has lost money by its support of farm prices. I ask the Senator whether he means that he is opposed to the program of supporting farm prices?

Mr. DIRKSEN. Not necessarily. However, let us look at the other side of the dollar.

Mr. KILGORE. I want to know. Is the Senator from Illinois opposed to the idea of supporting farm prices?

Mr. DIRKSEN. The Senator from Illinois is opposed to what he believes to be an irrational and anomalous policy under which prices are pushed up and pulled down.

Mr. KILGORE. The Senator from Illinois declines to say specifically whether or not he is opposed to the theory of support prices for the farmer?

Mr. DIRKSEN. Oh, I believe the record is abundantly clear that the Senator from Illinois has been on record many times as carrying the torch for them as

chairman of a subcommittee of the Committee on Agriculture in the House of Representatives.

Mr. KILGORE. May I ask the Senator for whom he carried the torch?

Mr. DIRKSEN. The Senator from Illinois was just as regardful of the farming population as he was of any other segment of the population. The Senator from Illinois is glad to say that the farmers of the country are willing to let the tail go with the hide and to make all necessary sacrifices, and nothing has heartened him quite so much as to hear farm leaders say, "We will take our share of the sacrifices, and we are only too glad to do so, if Congress will diminish the funds, if it will be in the interest of a balanced budget and a sound economy."

Mr. KILGORE. Then, I take it that the Senator from Illinois interprets the farmers' statement as meaning that they are perfectly willing to do away with the farm-support-price program.

Mr. DIRKSEN. The Senator from Illinois did not say anything of the kind.

Mr. KILGORE. Then, I cannot understand what the Senator has in mind. The Senator from Illinois apparently has one foot on one side of the fence and the other foot on the other side of the fence.

Mr. DIRKSEN. No; he is standing solidly on one side of the fence. The Senator from Illinois will say to the Senator from West Virginia, if we are to have controls, the Senator from Illinois will be willing to take every dollar out of farm price support, because it does not make sense to put a ceiling at the top and to put pressures at the bottom at the same time.

Mr. KILGORE. Shall I interpret the Senator's position with respect to controls to be in favor of farm-support prices or vice versa?

Mr. DIRKSEN. Was my good friend the Senator from West Virginia in the Chamber when the Senator from Illinois began his remarks? The Senator from Illinois started with reason No. 1, and he is now down to No. 5 or No. 6. He has still some additional reasons to give.

Mr. KILGORE. I have listened to many of them. I am trying to interpret the Senator's position based upon the theory that the depreciation of currency is inflation, and therefore if a dollar will not buy as much as it should we have inflation. In other words, when the purchasing power of the dollar drops, we have inflation. Then the Senator from Illinois would say that the way to handle the problem would be to let the law of supply and demand control the situation.

Mr. DIRKSEN. Indeed, sir.

Mr. KILGORE. What?

Mr. DIRKSEN. Indeed, sir.

Mr. KILGORE. Suppose it is found that the shortage of supply has repealed that law. On what do we then stand?

Mr. DIRKSEN. Frankly, I do not know what the Senator has in mind.

Mr. KILGORE. The law of supply and demand. In an inflationary period we have a surplusage of supply as against demand.

Mr. DIRKSEN. Let us see whether in my very humble and somewhat obtuse way I can make it clear. First, the January survey of the Department of Commerce shows that production, particularly of consumer durable goods, was approximately 60 percent more than that in 1941; it increased that much in approximately 10 years. At the present time there is enough for all our people, if the administration will stop frightening them and cease employing scare techniques and inducing scare buying, as has been done, and thus causing the decrease of inventories. If my friend will consider the state of inventories, he will see how goods have been going out of circulation.

Mr. KILGORE. Are not prices related to the hoarding of the supply?

Mr. DIRKSEN. Oh, certainly.

Mr. KILGORE. I thank the Senator.

Mr. DIRKSEN. Mr. President, it seems to me that price controls simply hamstring production. I sometimes wonder at the patience and forbearance of producers and distributors as they get along somehow under this blanket of restrictions.

Let us consider what happened. On the 26th of January the general freeze came. It is rather astonishing. Mr. President, my old friend, Eric Johnston, stated to the committee that it was an attempt to fence in the stampede. Of course that is a picturesque expression, but I do not know that the matter was quite that simple, actually, for the effect of imposing the price freeze was to say to the merchants, "The prices of the goods you have on your shelves are frozen, and the prices of the goods you bought for delivery 3 months from now at higher prices are frozen, and the prices of goods which you purchased for delivery 6 months from now at even higher prices, are frozen, under this ceiling."

Mr. President, it took only 30 days to ascertain the difficulties which ensued from that freeze. So a modification was made. It was known as CPR-7, I believe, although I rather lose track of the numbers. In any event, it had the fancy title of "Divisional Factor Directive." I have not the slightest idea what that means, but I know that it affected more than 200,000 items with which retailers deal. That modification was made because the Administrator realized that it was not quite so simple to impose that kind of a freeze and to take into account all the complexities of the commercial and economic life of America. I say that in my judgment price controls hamstring production and thwart the incentive of people and develop a kind of frustration, as these burdens are imposed.

Let us consider what happened in the hardware trade. When the Administrator issued a directive calling for a determination of the price of each of the countless items hardware stores handle, by measuring the price against the invoice sheet of long ago, and then finding out what the increase in price was, and then setting a ceiling, some hardware stores probably had on their shelves items which had been there for 20 or 30 years, particularly in the case of the country hardware stores. The proprietors of

those stores simply gave up the task; it seemed entirely futile to them, because they could not begin to comply with that directive. That is the inevitable result, I think, of trying to put the country into that sort of a strait-jacket.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. CARLSON. While the Senator is talking about controls, let me say that an example of that situation is presented by the packing houses. I have on my desk a letter in regard to a packing house at Goodland, Kans. The writer of the letter states that the owner of that packing house "has \$40,000 invested in his plant, and will have to close it unless something is done, and so far as the regulation is concerned, it does not, in my opinion, accomplish the purpose for which it is intended, and conditions will be worse than before, if black marketing starts."

I think everyone knows that when production at the packing houses is limited to 80 percent of their former production, they simply cannot operate.

Mr. DIRKSEN. In my judgment, the Senator from Kansas is correct.

Mr. President, it seems to me that if the present price controls are suspended and if the country is given a chance to go back to a normal level, and if there is an end to the effort to inspire fear from the minarets and turrets of Washington, where everyone seems to want to try to throw a scare into the good people of the country, we shall go a long way toward inducing economic healing and shall make it unnecessary to put this kind of blanket control on the country—a blanket control which can only retard us, instead of helping us go forward.

Of course, it is very easy to impose such controls, just as it is easy to snap on a pair of handcuffs. It is quickly done, of course. However, it is not easy to remove them, for when the time comes to remove them, often it is difficult to find the key. In many cases the handcuffs do not come off quite so easily as they were put on.

Mr. President, I could make quite a speech in regard to rent control, which has been in effect since 1942, 9 years ago. In fact, in 8 more months it will have been in effect 10 years. When we come to the February 29, 1952, whom shall we find camped on the doorstep of the Capitol, asking for an extension of rent controls? We shall find camped there the same persons who were here in 1942, to my certain knowledge, requesting rent controls, and who have requested their extension ever since—in 1947, in 1950, and in 1951. Meanwhile, year by year we have fewer and fewer tenant-occupied houses, because our builders and our enterprisers simply cannot go into the rental field under present conditions.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. MALONE. I assume that the distinguished Senator is familiar with the second-hand automobile market and with the inventories of second-hand automobiles and with the inventories of

many different kinds of goods which now are on the shelves in the stores. I refer to the necessities. Those inventories are increasing day by day, chiefly because the controls prevent the free movement of the goods from the shelves or off the lots, as the case may be.

Mr. DIRKSEN. Yes.

Mr. MALONE. Of course, once that condition develops, it is practically impossible to handle it by means of the remedy now proposed. Those who urge the use of that remedy are rather like those who would attempt to stop steam from coming out of the spout of a tea kettle by putting their finger over the spout.

The way to handle that situation is to take the kettle off the fire or pull the fire out from under the kettle, and remove the cause of the situation. This can be done by removing the causes of inflation—restore the metal base for our currency and stop deficit financing.

Mr. DIRKSEN. Exactly so.

Mr. MALONE. Most of those who feed cattle, for example, in the feed lots, do not own the cattle clear of debt, but borrow from the banks the necessary funds. Those persons may have 10 or 50 or 100 steers ready for the feed lots, and they borrow from the banks sufficient funds to be able to have enough feeders to comprise an economic unit. I know that in my own State of Nevada as much as 37 cents a pound has been paid for feeders. Today many of those who are in that business are getting out, since they can follow their own judgment, but not a random price-fixer such as DiSalle, 2,000 miles away.

In view of the present high prices for feed, a man who has a 750-pound steer in a feed lot figures that in 90 days he will not only increase the weight 100 to 150 pounds, but the meat will be worth more per pound. He cannot gamble on what a bureaucrat will do.

I could cite many examples—perhaps 100—of that situation in other industries.

In any event, DiSalle changes the entire situation; while the steer is in the feed lot, Mr. DiSalle grades down the meat and tells him he cannot sell the meat in that category. The result is to scare those operators almost to death, and many of them get out of the business.

Many sell the steers at the first opportunity. As a result, the lean meat reaches the market under the 60, 90, or 120 days, where it should have been held long enough to be developed into prime beef.

Thus there is later a shortage of prime beef.

Similarly, in the case of housing, during the 9 years since 1942, private money has practically disappeared from the housing market. In other words, a house can only be built by using the taxpayers' money, either through FHA or some other Government agency.

No one will invest the savings of a lifetime in a duplex or in other rental units in hopes of developing an income.

So, Mr. President, as a result of that process, private capital is run out of business—whether in the case of steers, auto-

mobiles, or housing. Is that not true?

Mr. DIRKSEN. Yes.

Mr. MALONE. In the opinion of the junior Senator from Illinois, over a long period of years—and the President is very frank to say that the emergency may last that long—what will happen in all these cases?

There will be more demands for more of the taxpayers' money, will there not, or else the entire program will have to be abandoned?

Mr. DIRKSEN. Yes; they will either have to go deeper in the hole or they will have to throw themselves upon the mercy of government at the State and local levels.

Mr. MALONE. The consuming public is interested in a program of plenty—not of scarcity.

The answer to a scarcity of meat is more meat; the answer to a scarcity of automobiles is more automobiles.

The way to get more meat, more automobiles, or any other commodity is to establish incentives for the investment capital—not run it out of the market.

Mr. CASE. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. CASE. The one community in the State of South Dakota which today has the tightest housing situation is one where rent control has been continued in existence, and it has successfully accomplished the driving of rental housing off the market. There is practically no rental housing whatever being built. The only housing that is being built is that which is being built for sale. The very purpose sought to be accomplished is being defeated.

Mr. DIRKSEN. Mr. President, let me add to this discussion by saying that how anyone expects sensibly and effectively to control business, producing a commodity, without controlling every component in it, is simply more than I know; and, one of the larger elements of cost—the largest element, now—is the element of labor. Let us see what happened. General Motors Corp., by reason, of course, of the escalator clause which is in its contract with the men, has said, "We have to approve 4 cents an hour increase for 335,000 employees"; so that much is added to the rising stream.

Ford, Chrysler, and Packard, they being closely competitive, of course, with General Motors, will have to approve, for 1,000,000 persons, extra compensation to the extent of \$80,000,000.

The railroad-yard workers got wage increases up to 33 cents an hour, as I understand; the road workers, up to 18½ cents an hour, which pierces the ceiling by 5 percent. The new Westinghouse agreement, entered into for the purpose of averting a strike, calls for an increase of 9 cents an hour, dated back to April, for 51,000 employees. The packing-house workers in Chicago obtained approval of an increase of 9 cents an hour; and the shipyard workers got an increase of 15 percent for 25,000 employees. Furthermore, there are, as I understand, 5,000 cases of one kind and another pending at this time before the Wage Stabilization Board. Various conditions will be imposed, such as fringe

benefits, direct compensatory benefits, and so forth. All of this goes into the economic stream of the country, and it has an upward, inflationary effect.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. MALONE. I presume the distinguished Senator from Illinois has in mind the escalator clause, on the basis of the cost of living index, and that the wages are adjusted to that. Is that correct?

Mr. DIRKSEN. That is correct.

Mr. MALONE. Perhaps that is about as fair a way as could be adopted to adjust wages. But I should like to ask the distinguished Senator, if we take care of wages, adjusted to the cost of living index, which seems to be a very fair way to do it, should there not be a way of increasing prices in accordance with the general cost index? If we do not do that, are we not right back to where we started?

Mr. DIRKSEN. Yes. And what it amounts to finally is legislating a price spiral and a wage spiral. That is about what it amounts to.

Mr. MALONE. That is true, because, as the Senator knows, referring to the illustration he used of a man putting his thumb over the spout of a teakettle without putting out the fire under the kettle, the thumb is going to be blown off the spout of the teakettle, because no one has the courage to extinguish the fire; by which I mean inflation. That is in the hands of the President of the United States; is it not?

Mr. DIRKSEN. That is correct.

Mr. WHERRY. Mr. President, I understand the distinguished majority leader is about to propound a unanimous-consent request. Before he does so, if the Senator from Illinois will yield, I desire to propose an amendment.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that I may yield to the Senator from Nebraska for that purpose, without prejudice to my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WHERRY. Out of order, I send to the desk an amendment, which I ask to have read. I do this in order that it may come within the provisions of the unanimous-consent request about to be propounded by the distinguished majority leader.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. It is proposed that title VIII of the Housing Act, as amended, be amended—

(a) By striking out of section 803 (a), "July 1, 1951", and inserting "July 1, 1953."

The PRESIDING OFFICER. The amendment will lie on the table and be printed.

Mr. DIRKSEN. Mr. President, I shall not detain the Senate much longer, but I desire to correct one impression which I may have left, that it was not mandatory for the head of an independent agency to enforce and administer controls. From reading the context of the bill, it is mandatory. If I left the wrong

impression, I want to correct it now, so that the RECORD may be accurate.

Mr. MOODY. Mr. President, I thank the Senator from Illinois for making that correction.

Mr. BRICKER. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield.

Mr. BRICKER. The prices are to be administered under the same authority.

Mr. DIRKSEN. Yes.

Mr. BRICKER. And the Stabilization Board, so-called, is not authorized directly in the bill.

Mr. DIRKSEN. That is correct. Let me indulge in two more observations. I am fully sensible of the diligence and the earnest quality that officials bring to their jobs. With reference to the price-control establishment, I would be the last man in this Chamber to demean Mr. DiSalle. I believe he is doing the best he knows how. That goes also for Eric Johnston, with whom I have had a long friendship, and I salute him as a patriot and a great citizen. But there is not enough genius in the mind of a man or a group of men to operate under a law such as this without some harmful effects. I think we do best by our people if we keep our economy on an even keel and stay away from the strait-jacket of control.

Mr. President, our Dominion neighbors have been a little wiser than we have. Mr. James Muir, president of the Royal Bank of Canada, had this to say:

The only priorities are on steel.

Price control and rationing are last-resort measures and should be treated as stopgap efforts and not as substitutes for true anti-inflationary policy.

He makes this interesting observation:

There is a moral and economic obligation for governments to maintain ordinary expenditures at the lowest possible level.

Mr. President, it seems to me the President of the United States ought to be the first to suggest to the Congress all those things with which we can dispense in an hour of crisis and emergency, but I cannot agree that the President and the Budget Bureau have gone far enough with what I am pleased to call a rather swollen budget.

Finally, Mr. Muir makes this observation:

The allocation of armament expenditure is a job for military experts but the over-all size of the defense program like war itself is too important to be left to the generals.

Mr. President, it was Clemenceau, "The Tiger," the great Prime Minister of France, who made that statement in World War I. That is another thing which I think we can take to heart.

So, Mr. President, I simply express myself humbly upon this subject. Unless the bill is substantially modified, I shall probably oppose it when it comes up for final action and the Senate works its will. But I shall do so only because I sincerely feel that it is harmful for the country and that it is not necessary, if the Government will proceed along rational lines in foreign and domestic policy. I believe that we shall get infinitely further, as have our neighbors on the north, if we do not surrender our freedom even for a brief time. As I said before, a man can

lean out of the window too far just once. That goes not only for an individual, Mr. President, but for a country as well.

I yield the floor.

Mr. McFARLAND. Mr. President, I ask unanimous consent that on Wednesday, June 27, 1951, after a quorum call, following the convening of the Senate, the consideration of the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, be proceeded with; that the general debate thereon shall be limited to not to exceed 2 hours and 30 minutes, to be divided equally and controlled by the Senator from South Carolina [Mr. MAYBANK] and the Senator from Nebraska [Mr. WHERRY], respectively; that after the disposition of amendments of a perfecting nature, pending or that may be proposed to section 2 of the bill, further debate upon the motion of the Senator from Illinois [Mr. DOUGLAS] to strike out section 2, being lines 4 to 13, inclusive, on page 2, shall be limited to not to exceed 1 hour, to be divided equally and controlled by the Senator from Illinois [Mr. DOUGLAS] and the Senator from South Carolina [Mr. MAYBANK]; provided that debate on the amendment on rent control shall be limited to not to exceed 1 hour, to be controlled by the proponent of the amendment or amendments, and the Senator from South Carolina [Mr. MAYBANK], if he opposes the amendment; and, if he is in favor of the amendment, then by the Senator from Nebraska [Mr. WHERRY], or any other Senator he may designate; and that thereafter the debate upon any amendment or motion, including appeals, with the exception hereinafter indicated, shall be limited to not to exceed 30 minutes, to be divided equally and controlled, respectively, by the mover of any such amendment or motion and the Senator from South Carolina [Mr. MAYBANK], or if the Senator from South Carolina is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the Senator from Nebraska [Mr. WHERRY], or some Senator designated by him; provided further, that no amendment or motion which has not heretofore been submitted as an amendment intended to be proposed to said bill that is not germane to the subject matter thereof shall be received; and provided further, that upon the question of the final passage of the bill, debate shall be limited to not to exceed 1 hour, to be divided and controlled by the Senator from South Carolina [Mr. MAYBANK] and the Senator from Nebraska [Mr. WHERRY], respectively, or by some other Senator designated by the latter.

The PRESIDING OFFICER (Mr. HOLLAND in the chair). Is there objection to the unanimous-consent request?

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. McFARLAND. I yield to the Senator from Wyoming.

Mr. O'MAHONEY. On behalf of the Senator from Alabama [Mr. SPARKMAN], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from South Dakota [Mr. CASE], and myself, I offered yester-

day an amendment to the bill to provide for the consideration of the desirability of dispersing new defense plants so as to avoid too great a geographical concentration and so as to make better utilization of the natural resources of the country. How much time, may I inquire, would be available for the discussion of such an amendment?

Mr. McFARLAND. There would be 30 minutes, 15 minutes to a side.

Mr. O'MAHONEY. It is a rather important amendment. I realize, of course, that it is desirable to limit the period of discussion, but I am wondering whether there could not be allowed, say, 45 minutes for the discussion of that amendment.

Mr. McFARLAND. Forty-five minutes or fifty minutes?

Mr. O'MAHONEY. Fifty minutes.

Mr. McFARLAND. Fifty minutes. That would be agreeable. I modify the unanimous-consent request to that extent.

The PRESIDING OFFICER. The majority leader modifies his unanimous-consent request.

Mr. WHERRY. Reserving the right to object—and I shall not object—I desire to ask the distinguished Senator from Wyoming if he is referring to the so-called smaller business plant matter.

Mr. O'MAHONEY. No. It has nothing to do with that.

Mr. LEHMAN. May I ask the Senator from Arizona whether, if the amendment proposed by the Senator from Illinois [Mr. DIRKSEN] shall be defeated, it will be in order to present amendments in substitution therefor, and, if so, how much time would be permitted?

Mr. McFARLAND. The amendments relating to rent control are limited to 1 hour. Any other amendment would be in the same category.

Mr. LEHMAN. I have reference to amendments in connection with section 2 of the committee bill.

Mr. McFARLAND. The time would be 30 minutes.

Mr. WHERRY. The unanimous-consent request is silent on that point. I think we should have an understanding that on such amendments there may be allowed 30 minutes, 15 minutes to each side. Any perfecting amendment to the Douglas amendment would have to be offered prior to the time of the vote on the Douglas amendment.

Mr. DOUGLAS. If my amendment is defeated, it is our intention to offer an alternative, and, if that is defeated, to offer a third. We should like to have the way clear, so that if the original amendment is defeated, it would then be in order to propose a second and third amendment.

Mr. McFARLAND. Then I ask, Mr. President, that as to any additional amendment the time be limited to 15 minutes to a side.

Mr. WHERRY. Outside the rent control amendment and the O'Mahoney amendment, all amendments can be discussed for 30 minutes, 15 minutes to a side, the same as in the case of any motion or appeal.

Mr. McFARLAND. That is correct.

The PRESIDING OFFICER. The Chair understands that as to the expected amendment, which will take a longer time, all amendments may be discussed for 30 minutes.

Is there objection to the request of the Senator from Arizona? The Chair hears none, and the unanimous-consent agreement is entered into.

The unanimous-consent agreement as subsequently reduced to writing, is as follows:

Ordered, That on Wednesday, June 27, 1951, after a quorum call following the convening of the Senate, the consideration of the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, be proceeded with; that general debate thereon shall be limited to not exceeding 2 hours and 30 minutes, to be equally divided and controlled, respectively, by Mr. MAYBANK and Mr. WHERRY; further debate upon the motion of Mr. DOUGLAS to strike out said section being lines 4 to 13, inclusive, on page 2), shall be limited to not exceeding 1 hour, to be equally divided and controlled, respectively, by Mr. DOUGLAS and Mr. MAYBANK; that debate on the amendment on rent control, when offered, or on any amendment thereto, shall be limited to not exceeding 1 hour, to be equally divided and controlled by the proposer thereof and Mr. MAYBANK, respectively; that debate on the amendment intended to be proposed by Mr. O'MAHONEY (for himself and others), relating to dispersal of defense plants, shall be limited to not exceeding 50 minutes, to be equally divided and controlled by Mr. O'MAHONEY and Mr. MAYBANK, respectively; and that upon any other amendment or motion (including appeals) debate shall be limited to not exceeding 30 minutes, to be equally divided and controlled, respectively, by the mover of any such amendment or motion and Mr. MAYBANK: *Provided*, (1) That in the event Mr. MAYBANK is in favor of any amendment or motion proposed during the consideration of the bill, the time in opposition thereto shall be controlled by Mr. WHERRY, or some Senator designated by him; and (2) that no amendment or motion that has not heretofore been submitted as intended to be proposed to said bill that is not germane to the subject matter thereof shall be received.

Ordered further, That upon the question of the final passage of the bill, debate shall be limited to not exceeding 1 hour, to be equally divided and controlled, respectively, by Mr. MAYBANK and Mr. WHERRY, or some Senator designated by him. (June 26, 1951.)

Mr. WHERRY. Mr. President, I wonder if the distinguished majority leader will state now whether any votes will be taken before tomorrow. It would be of interest to many Senators.

Mr. McFARLAND. A vote will be taken if we can reach a vote; but I take it that unless the amendment of the Senator from Delaware is agreed to we shall not reach a vote this evening. I think I should say that I believe the importance of the pending bill justifies our holding a night session tomorrow night.

Mr. WHERRY. Mr. President, I did not quite understand the majority leader's statement as to whether there will be a vote tonight.

Mr. McFARLAND. I cannot say. I do not think it will be necessary for the Senate to remain in session late tonight, because of the unanimous-consent agreement.

Mr. WHERRY. I have no objection to arguments being presented, but I feel that an announcement as to any votes, if one could now be made, would be of assistance.

Mr. MAYBANK. Mr. President, I defer to the wishes of the Senator from Delaware [Mr. WILLIAMS] who thought that perhaps we might get his amendment out of the way tonight.

Mr. WHERRY. Several Senators have asked whether there is to be a vote. If there is not to be a vote today, I think it would be a fine thing to announce that tomorrow the Senate will hold a night session if necessary.

Mr. WILLIAMS. I am willing to let the vote go over until tomorrow.

Mr. WHERRY. In view of the unanimous-consent agreement and the lateness of the hour, if it is agreeable, the Senate might continue in session as long as any Senator wishes to discuss the bill, but I believe the vote should go over until tomorrow.

Mr. MAYBANK. I thoroughly agree with the Senator.

The PRESIDING OFFICER. The unanimous-consent request has been entered into.

PETITION FOR RENEWAL OF STRONG PRICE CONTROLS

Mr. LEHMAN. Mr. President, this morning I was called up by a group of civic leaders from New York City who presented me with a statement showing that 9,167 signatures of New York City settlement members and neighbors had been placed on a petition addressed to the President asking for the renewal of strong price controls. I ask unanimous consent to have this statement, showing where and by whom these signatures were collected, printed in the RECORD at this point in my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

UNITED NEIGHBORHOOD
HOUSES OF NEW YORK, INC.,
New York, N. Y., June 26, 1951.

Signatures from New York City settlement members and neighbors asking for renewal of strong price controls on a petition addressed to President Harry S. Truman

Collected by—	Number of signatures
Christodora House, 154 Avenue D, New York 9, N. Y.-----	755
Church of All Nations, 9 2d Ave., New York 3, N. Y.-----	196
Educational Alliance, 197 E. Broad- way, New York 2, N. Y.-----	1,520
Grand St. Settlement, 283 Riving- ton St., New York 2, N. Y.-----	1,951
Greenwich House, 27 Barrow St., New York 14, N. Y.-----	57
Hamilton House, 72 Market St., New York 2, N. Y.-----	246
Henry St. Settlement, 265 Henry St., New York 2, N. Y.-----	792
Hudson Guild, 436 W. 27th St., New York 1, N. Y.-----	187
J. W. Johnson Community Center, 173 E. 112th St., New York 29, N. Y.-----	856
Lavanburg Social Center, 132 Ba- ruch Pl., New York 2, N. Y.-----	29
Madison House, 226 Madison St., New York 2, N. Y.-----	416

Collected by—	Number of signatures
Manhattanville Neighborhood Center, 514 W. 126th St., New York 27, N. Y.-----	113
Mosholu Neighborhood Center (JANCO), 3503 Tryon Ave., Bronx 67, N. Y.-----	60
Recreation Rooms, 86 E. 1st St., New York 3, N. Y.-----	666
Riis House, 48 Henry St., New York 2, N. Y.-----	290
Riis-Queensbridge Center, 10-25 41st Ave., L. I. C., N. Y.-----	257
Union Settlement, 237 E. 104th St., New York 29, N. Y.-----	353
University Settlement, 184 El- dridge St., New York 2, N. Y.-----	423
Total -----	9,167

Mr. WILLIAMS. Mr. President, I direct my remarks briefly to the pending amendment. I think the amendment can best be described by quoting from the analysis prepared by the legislative counsel, which reads as follows:

This amendment will have the effect of suspending the price-support provisions of the Agricultural Act of 1949 for the duration of title IV of the Defense Production Act of 1950 (Price Control Authority) which, under the proposed extension, is until March 1, 1952.

In other words, the amendment would merely suspend—not repeal—the agricultural support programs for the duration of price controls. The administration claims that the purpose of this bill is to control inflation. The farm-support program was authorized to check deflation. If the purpose of this bill is, as announced, to check inflation, then surely there is no justification for the continuation of a support program under which the Government declares surplus and destroys good agricultural products.

I refer to the report of the minority members, who pointed out reasons why, in their opinion, food prices have advanced. For instance, on page 29 of the report, they call particular attention to how the wool price has advanced unreasonably since the outbreak of the war in Korea.

We all know that at the present time the Government is in the midst of stockpiling 200,000,000 pounds of wool. The committee report points out accurately that wool has advanced over a dollar a pound since the outbreak of the Korean War. I call attention to the fact that in 1948 the Eightieth Congress extended a law authorizing an agency to stockpile strategic materials and appropriated adequate money for that purpose. At that time the Government owned and held in inventory 252,000,000 pounds of wool. That inventory of wool was declared surplus and liquidated at a loss to the American taxpayers of some \$44,000,000. After it was liquidated at such a loss the Government agency which was responsible for stockpiling strategic materials suddenly decided that wool was a strategic commodity, and announced a program to repurchase 200,000,000 pounds of wool at a price of over \$1.50 per pound higher than the price for which it was sold. Thus we find that this one stupid operation will cost the taxpayers over \$300,000,000 plus the \$44,-

000,000 loss when declared surplus and, ending up with substantially the same inventory as originally held. This was bad enough, but it is even worse when we reflect what this artificial price rise means to the American consumers in higher cost of clothing.

This is just the first example I am calling to your attention today showing how this administration is directly responsible for today's inflationary trends.

The administration is expressing a great deal of sympathy for the American people because of the high cost of clothing resulting from the high price of cotton. Mr. DiSalle is threatening now to roll back the price of cotton to the pre-Korean level to help the poor consumer. I will now show how the Truman administration is directly responsible for today's high prices on clothing. At the outbreak of the Korean War this Government, through the Commodity Credit Corporation, held in storage inventories of 3,413,635 bales of cotton which had cost the taxpayers \$580,236,924. After the war broke out in June of last year they decided that this cotton was surplus, a nonessential, and proceeded to liquidate every pound of this cotton within 60 to 90 days at slightly over its cost.

Cotton always advances when war starts, but the sales were made early and at that time when the Government had placed into effect very strict export controls over cotton. Therefore the cotton was sold in the domestic market, in wholesale quantities, thereby depressing the domestic market to such an extent that it only brought about \$600,000,000. These sales were made at the lower price on the assumption that the buyers would not be allowed to export the cotton out of this country. After this cotton had all been disposed of, placed over into the hands of the private individuals, the Government then reversed itself, and said that they would allow exports. On October 10, 1950, 10 days after they liquidated their inventory, they granted export-control licenses for 2,000,000 bales, and on November 2, 146,000 bales, and on November 7, 1,350,000 bales. This authorized the exporting from this country of a total of 3,496,000 bales, which is almost identical with the amount of cotton which had been declared surplus and sold just a few weeks prior at 10 to 15 cents per pound lower than the world market price prevailing at the time the export licenses were granted. Thus this cotton, which was purchased from the Government after the war started last June, was exported at a profit to the individual buyers of about \$200,000,000.

Prices had advanced about 50 percent. The Government manipulated the market at a loss to the taxpayers of around \$200,000,000.

Another interesting point is that since the war in Korea broke out on June 25, 1950, some of this cotton which was sold by the Government was allocated for shipment to Red China. Those shipments of cotton are documented. This cotton was shipped from United States

ports in American-flag ships since the outbreak of the war to Red China under authorization of the United States Government itself.

So I think we might well question the sincerity of any administration official today who stands up and says that he sympathizes with the American housewife because the price of cotton and clothing has gone up. The price of clothing is up today because, and only because, they planned it that way. This question is another part of the New Deal planning from Washington.

It is another example of New Deal bureaucrats regulating the law of supply and demand.

I ask unanimous consent to have printed in the RECORD at this point in my remarks a chart showing a breakdown of the shipments of cotton to Red China and Manchuria since the outbreak of the war in Korea. These shipments were justified by the administration on the basis that we are not at war with Red China, it is only a police action.

There being no objection the chart was ordered to be printed in the RECORD, as follows:

Cotton exports, June–September 1950

MANCHURIA				
Month	Dollar value	Pounds	Bales	Amount CCC cotton
June.....	0	0	0	Bales 0
July.....	3,407,357	10,926,712	22,377	22,377
August.....	2,728,500	8,690,667	17,798	21,771
September.....	0	0	0	0
Total.....	6,135,857	19,617,379	40,175	44,148

CHINA				
Month	Dollar value	Pounds	Bales	Amount CCC cotton
June.....	\$3,613,339	11,345,205	22,802	0
July.....	1,246,447	7,792,080	15,361	0
August.....	8,410,929	25,466,478	50,227	4,415
September.....	74,393	247,209	500	0
Total.....	13,345,108	44,850,972	88,890	4,415

Following information re cotton exports received from Mr. Kendall, of the Senate Agriculture Committee, December 20, 1950. Mr. Kendall received the information from an official of the Department of Agriculture in the Cotton Branch of the Production and Marketing Administration in Washington.

Date	Amount exported	Destination
July 13, 1950 (2 shipments).	Bales 13,000 1,857	Dairen, Manchuria.
July 17, 1950.....	7,520	Do.
Aug. 7, 1950 (2 shipments).	3,946	Do.
August 21, 1950.....	10,127 3,615	Do.
August 24, 1950 (2 shipments).	800	Tientsin-Taku Bar, China.
August 28, 1950.....	2,839 4,859	Do.
Total.....	48,563	Dairen, Manchuria.

This cotton was sold by CCC to World Commerce Corp. of New York. World Commerce in turn sold it to another company for export. The company actually doing the exporting still has between 100 to 130 bales on hand. On October 12, 1950, an export control on cotton was declared. In

view of this the company has an application pending at the Department of Commerce for a license to export this remaining 100 to 130 bales.

Mr. WILLIAMS. Mr. President, the same thing is true with respect to butter. The Government, since the outbreak of the war in Korea has been buying butter at over 60 cents a pound, and shipping that butter all over the world. Housewives in other countries can buy good American butter at from one-half to one-third the cost, and in some instances we have given the butter to them in order that we may create an artificial shortage of butter here in America and force the price higher to our own housewives.

Yet the same Government officials who have been operating this program are speaking to the country today and expressing sympathy to the poor housewives. What a farce? The rules of the Senate would not permit me to express my real opinion of this absurd and deceitful policy.

Again I say the price of butter is high because the Government "planned it that way." They have bought and shipped out of this country since the outbreak of the war in Korea over 75,000,000 pounds of butter that has been either given away outright or else sold for an insignificant fraction of its cost. All this was done by a Government agency under a law sponsored by the same New Deal administration which now says it wants to roll back prices.

The same thing is true with respect to cheddar cheese. The Government has been buying cheese to keep the price up. I pointed out some weeks ago how the Government had sold for export cheese for about one-third of what it cost. At the same time they were forcing prices higher in this country. To make it even more ridiculous, during the period in which we were selling 50,000,000 pounds of cheese at a fraction of its cost and exporting it, we were actually importing cheese from the same countries to which we sold the bargains. They were selling their cheddar cheese to the American housewives at advanced prices. Cheese was being imported into this country under a reciprocal-trade agreement, whereby tariffs had been lowered in order that the countries who were the recipients of our benevolence could ship their cheese into this country at a lower rate. Again I say that the high price of cheese to the American housewife did not just happen. It is a part of the administration program. It was planned that way. The administration has been deliberately manipulating the commodity markets for the past several years and more so during recent years than ever before.

I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a statement which I made on February 21, 1951, outlining the Government's activities in manipulating the cheese market, and also included in this report is the over-all cost to the American taxpayers of all these programs.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR JOHN J. WILLIAMS IN THE UNITED STATES SENATE, FEBRUARY 21, 1951, RE SALE OF CHEDDAR CHEESE TO BRITISH GOVERNMENT

Mr. President, recently there was released to the press by the Department of Agriculture a notice to the effect that 50,000,000 pounds of Cheddar cheese had been sold to the British Government.

Upon inquiry relative to the price the British paid, I was advised that it was the policy of the Department not to disclose prices of negotiated sales with foreign governments. However, further correspondence has developed the information which I now pass on to the taxpayers who, after all, are going to pay the bill.

This 50,000,000 pounds of Cheddar cheese cost the Federal Government an average of about 31 cents per pound, or approximately \$15,500,000. On October 20, 1950, the 50,000,000 pounds referred to above was sold to the United Kingdom Ministry of Food for 15 cents a pound, or about one-half of its cost, representing a loss of about \$7,500,000.

It is of interest to note that during the same period in which this cheese was purchased by the Federal Government, and subsequently was exported out of this country to Great Britain, at a substantial loss—apparently for the purpose of making the price of Cheddar cheese higher to the American housewife—we imported Cheddar cheese from the British Empire in quantities amounting to over 13,000,000 pounds, with 2,470,000 pounds coming from Canada and 10,370,000 pounds coming from New Zealand, at prices ranging from 21 to 37 cents a pound.

To further complicate the case, the importation of this cheese was encouraged under the reciprocal-trade agreements by a 50-percent reduction in tariff rates.

The senior Senator from Massachusetts [Mr. SALTONSTALL] recently called a similar transaction to the attention of the Senate in relation to our exportation of substantial quantities of butter at 15 cents a pound, while the American housewives are being forced to pay 75 cents.

Unless we discontinue this absurd contradictory policy, by which we find that one Government agency is spending millions of dollars for the sole purpose of deliberately forcing food prices higher, by creating artificial shortages, and, at the same time, another Government agency is set up and staffed with thousands of employees for the sole purpose of holding down these same prices, Washington, instead of being classified as the Capital of the the State of Confusion, will find itself as the Capital of Bankruptcy.

As evidence of what this type of program is costing the American taxpayers, I ask unanimous consent to have inserted in the RECORD at this point a letter from Mr. F. J. Lawton, Director of the Bureau of the Budget, dated October 11, 1950, in which he points out that the Commodity Credit Corporation, the agency which handles these transactions, has, since its inception, cost the American taxpayers \$3,251,843,466.22. This amount does not include \$1,952,544,994 which has been expended by the Department of Agriculture under section 32 of the Agricultural Adjustment Act; although that amount has been spent as a subsidy to agriculture, those operations are conducted under separate legislative authority.

Mr. WILLIAMS. Let us now discuss butter. I point out that 37,500,000 pounds have been given away outright to various countries, 18,000,000 pounds going to Israel, 11,000,000 pounds to Yugoslavia, 5,000,000 pounds to Germany, 1,250,000 pounds to Italy, 547,000 pounds to France, 278,000 pounds to Trieste, 43,000 pounds to Great Britain,

and so on down the line. Housewives in those countries have been able to get cheap butter since the outbreak of the war in Korea, because the United States taxpayers have been charged with the cost of the butter. It has been shipped out of the country and given to housewives in other countries, in order that an artificial shortage might be created here at home, pushing the price of butter up to the point where the average workingman today cannot buy it. It is done by the same administration which is bemoaning high prices and telling how it pities the American people. Again what a farce.

This program is operated by a branch of the Department of Agriculture, handling export sales of what is described as surplus and nonessential commodities—commodities of which, supposedly, we have more in this country than we need, so we are exporting them in order to get rid of them.

In December of last year—1950—I called to the attention of the Senate, and placed in the RECORD, a chart showing several thousand carloads of commodities which were being offered at bargain prices for export to foreign countries only. I read for the information of the Senate a list of those international bargains, a list which was issued as recently as December 1950. This, I may say, was at the time when our boys were being driven back in Korea, and no one knew whether the war in Korea would end without the outbreak of world war III.

On this international bargain list—or what may be called the “international gravy train” of the New Deal administration—are the following: 2,400 carloads of dried skim milk, or 240,000,000 pounds; 5,000 carloads of raw linseed oil, or 529,000,000 pounds, representing 66,000,000 gallons, declared surplus and nonessential; 1,120 carloads of bulk flaxseed, or 2,000,000 bushels; 920 carloads of dried pinto beans, or 92,000,000 pounds.

These commodities were declared surplus and nonessential by this administration which at that time was, as it is today, advocating price ceilings on the same commodities in order to hold down prices. Yet, as recently as 3 months ago, the Government was trying to give them away all over the world. Only one condition was attached to the contract, and that was that under no circumstances could any American citizen or housewife be the recipient of the bargains; nor could they go to any of our international friends. They could go only to those countries which were not the recipients of the ECA program.

Continuing with the list: 250 carloads of dried pea beans, or 25,000,000 pounds; 570 carloads of dried red kidney beans, or 57,000,000 pounds; 1,370 carloads of Great Northern dried beans, or 137,000,000 pounds; 126 carloads of dried pink beans, or 12,600,000 pounds; 150 carloads of dried baby lima beans, or 15,000,000 pounds; 600 carloads of dried edible peas, or 60,000,000 pounds; 73 carloads of Austrian winter pea seed, or 7,300,000 pounds; 60,000 carloads of wheat, or 100,000,000 bushels.

I may point out that this wheat was carried on the surplus list as recently as December 1950 and offered for sale anywhere in the world at bargain prices. At the same time the same administration and the same agency of this administration was calling on the American farmers for increased production as a result of the Korean War. They were actually asking farmers to increase their production this year to take care of the shortage of wheat, when at the same time the same agency was declaring surplus and offering on the international bargaining counter 60,000 carloads of wheat.

Continuing with the list: 3,700 carloads of oats, or 11,675,000 bushels; 15,000 carloads of barley, or 28,300,000 bushels; 56,000 carloads of corn, or 100,000,000 bushels, offered as an international bargain to anyone who wanted to buy it, by the same agency of the Government, the Department of Agriculture, which at the same time was asking the American farmers to increase their corn acreage.

Continuing with the list of commodities: 16,000 carloads of grain sorghum, or 1,600,000 pounds; 540 carloads of potato starch, or 5,460,000 pounds. An unspecified quantity of fresh Irish potatoes was being offered at 1 cent per 100-pound bag. They were offered to anyone, provided it was not an American housewife. She was not eligible, but anyone else could buy them. If the buyer did not want the potatoes, he could load them on a barge and take them off the Atlantic Coast, dump the potatoes, and bring the bags back, and we would give him 15 cents apiece for the bags.

All this was permitted and encouraged by the same Government which today is shedding crocodile tears for the American housewife. No one can say but that this program has added to the increased cost of living in the past few months. I fully agree with the President of the United States when in his campaign speeches last year he stated that these things do not just happen, but “we plan them that way.” This is a part of the planned program of the administration to create shortages in order that there may be price controls, and then to create surpluses in order to bring about supports. The administration wants a completely regulated economy in this country. It does not care what happens to the taxpayers, the housewives, or anyone else, provided it can keep them fooled and get the votes.

Continuing with the list: 210 carloads of dried eggs, or 21,000,000 pounds, representing about 63,000,000 dozen in shell form. This is why the American housewife pays dearly for eggs. Only this afternoon the junior Senator from Michigan [Mr. MOODY] read a letter from one of his constituents. At that time he stated that that letter influenced his support for this bill to a large extent, and he pointed out how this mother had written from Grand Rapids, Mich., that she was having a great deal of trouble obtaining eggs for her children. She was also having trouble obtaining oranges which her children needed, as well as clothing. The junior Senator from Michigan should tell her that the

reason she was having trouble getting eggs and oranges for her children was that an agency of the Government, with her tax money, was buying them and destroying them, or exporting them from this country.

Again I say that these shortages did not just happen. They were "planned that way," by an administration which wants to create artificial shortages and increase prices. In other words, it is part of a planned inflationary program. I criticized these sales last December. I pointed out that during the last 6 months of 1950 the export sales of agricultural commodities listed as surplus and nonessential in this country had increased 1,200 percent above the sales of the 6 months prior to the outbreak of the war in Korea. Countries all over the world were taking advantage of the bargains that were being offered by Santa Claus. The argument was advanced at that time that it was unfair for me to make such a comparison because, as was pointed out, farmers automatically harvested crops in the last half of the year. Therefore it was argued the Department of Agriculture under this program would have more of a surplus in the last half of the year than in the first half of the year.

At that time I could not contradict this argument because I did not know what they would be in January or February.

Since that time, however, I find that in January and February of this year, which months surely are in the first half of the year, sales under the program have increased not 1,200 percent but 1,400 percent over the prewar period. In other words, in the first 2 months of the year sales were running at a rate 1,400 percent higher than during the first 6 months of 1950. It confirms again the fact that foreign countries were taking advantage of the stupid and wasteful policies of this administration, which had no more sense than to liquidate and dissipate the resources of our country at a time when we were at war.

They are now talking about stockpiling cotton. The administration proposes to stockpile cotton today when it is being sold at 15 cents a pound higher than it was last July and August during which time the administration was liquidating its cotton inventories. Again, the American taxpayers are the victims and it is these contradictory policies which account for a substantial part of the President's budget.

These stupid operations which I have listed in the last few minutes of my remarks would account for hundreds of millions of dollars of the taxpayers' money since the outbreak of the Korean War. These millions are only a part of the many which have been poured down the rat hole of confusion in Washington by this Fair Deal administration.

There is no excuse for it. I do not know a single Senator on the other side of the aisle who would stand up and try to justify it to the American housewife.

I ask unanimous consent to have printed in the RECORD an article which appeared in the Washington Post of January 22, 1950, written by John W. Ball,

in which he points out very clearly how this international give-away program operates and how the American housewife is victimized.

There being no objection, the article was ordered to be printed in the RECORD; as follows:

CCC FOOD BARGAINS LISTED

The world's biggest dealer in food commodities last week advertised Irish potatoes for sale at 100 pounds for 1 cent.

Similar bargains in canned meat, eggs, edible beans, peanuts, flaxseed, etc., were made public by Ralph S. Trigg, president of the Commodity Credit Corporation, Uncle Sam's agency for operating the Government's farm price support program.

These prices, however, are only for export. The goods can't be bought for use in this country.

The sacks in which the potatoes will be sold cost from 10 to 15 cents apiece, or 10 to 15 times as much as the Government asks for them filled with the world's best potatoes.

NEW CCC POLICY

The low prices accompanied announcement of a new CCC policy to encourage export of surplus farm commodities bought by the Government to keep prices in this country high and farmers prosperous.

Americans will still be charged several hundred times the export price. Similar potatoes retailed in Washington this week at 3½ to 4 cents a pound. In other words, the Government is selling potatoes at 100 pounds for 1 cent that are costing American housewives from \$3.50 to \$4. The potatoes cost the Government about \$2.10 a bag.

The entire operation was ordered by Congress in its series of laws for the benefit of the Nation's twenty-odd million farmers.

In addition to the potato bargains, CCC is offering to sell to exporters:

1. Thirty million pounds of Mexican canned meat at 15 cents a can. This was bought from Mexico at about 30 cents a can. These purchases were made to reimburse Mexican cattle raisers whose markets were shut off when this country put an embargo on the importation of Mexican cattle, because of a hoof-and-mouth disease epidemic in Mexico. This meat is not permitted to be sold in this country under the pure food and drug laws because it comes from areas infected with the dreaded hoof-and-mouth disease.

2. Dried whole eggs, 73,000,000 pounds, at 40 cents a pound. These cost Uncle Sam about \$1.20 a pound.

3. About 4,750,000 100-pound bags of beans. Pinto beans are offered at \$7 a bag (cost about \$9), red kidney at \$3 (cost about \$9.50) and great northern, \$6 a bag (cost about \$8).

4. Thirteen million bushels of flaxseed at \$4.45 a bushel that cost the Government \$6 a bushel in 1948.

5. About 50,000,000 pounds of shelled peanuts at 8½ cents a pound, or just half the 16½ cents CCC paid for them.

OATS, BARLEY, AND CORN

Trigg also offered 13,579 bushels of oats, 20,000,000 bushels of barley and 100,000,000 bushels of corn at "not less than market price on date of sale."

Sales will not be made to buyers using ECA dollars or other Government funds. Other methods, such as subsidies, are provided for such sales. Sales of potatoes are restricted for export to areas not normally supplied by United States exporters.

Similar announcements will be made monthly, Trigg said. The prices named last week will prevail until March.

The announcement was met by a sharp break on the Nation's commodity exchanges. Most of the losses were regained later.

From now on, Trigg said, "exporters will know in advance the commodities and quantities that are available, and the prices for a fixed period ahead. Thus they will be in a better position to negotiate sales abroad."

LOSSES ABSORBED

The loss the Government takes on such sales is absorbed in several ways. Much is replaced from "section 32" funds. Section 32 of Public Law 320 sets aside 30 percent of the Nation's customs receipts. "Such sums," the law states, "shall be used by the Secretary of Agriculture" to:

1. Encourage the export of agricultural commodities by benefits to the exporter, or payment of losses in connection with the exportation or by payments to producers to encourage production of commodities needed domestically.

2. Encourage domestic consumption of farm commodities by increasing their use through benefits, donations, etc., among persons in low-income groups.

Under the first provision, CCC is making the following subsidies available:

1. Four million dollars to exporters of fall and winter apples and winter pears. These may be shipped to ECA countries, and to any Western Hemisphere countries except Cuba, Canada, and Venezuela. They also may be exported to Israel, Egypt, and the Philippines.

These funds may be used to pay half the cost of the commodities.

2. Fifty thousand dollars, to permit payment of 10 cents a bale to exporters of cotton.

3. Seven and a half million dollars to exporters of surplus dried peaches, prunes, and raisins. These funds are to be used to reimburse the exporter up to 50 percent of the cost of the commodities.

4. One million dollars for dried egg exports.

5. Two million dollars for flaxseed or linseed oil sold for export to any "agency * * * furnishing relief to foreign countries."

6. Forty thousand dollars to encourage use of concentrated orange juice abroad.

7. Five million dollars to encourage use of peanuts abroad, to be paid to any Government agency administering relief to foreign countries.

8. Five million dollars to wheat exporters to meet the difference in price between the current domestic price and the International Wheat Agreement price of \$1.80 a bushel.

9. Two million dollars for export sales of packed fresh oranges, and "canned single-strength orange juice," to be used to meet half the cost of such exports.

OTHER ALLOTMENTS

Other section 32 funds have been allotted to purchases and donations of the following commodities for domestic use—chiefly school lunches. Government and charitable institutions:

- Butter, \$14,000,000.
- Early fruits, \$4,000,000.
- Dried fruits, \$1,800,000.
- Dried eggs, \$6,500,000.
- Payment for transportation, storage, packing, etc., of dried eggs to be so donated, \$500,000.

- Vegetables, \$300,000.
- Honey, \$260,000.
- Potatoes, \$5,000,000.
- Non-fat dry-milk solids, \$3,050,000.
- Sweetpotatoes, \$500,000.
- Fall and winter apples, \$10,000,000.
- Pork products, \$5,000,000.
- Cotton, for insulation program, \$150,000.
- Dried fruit—to divert surplus dried prunes, raisins and figs outside normal channels of trade—\$11,200,000.
- Sorghum grains, for study of dry-milling process, \$40,000.

- Almonds—to divert shelled almonds from normal channels of trade, \$7,750,000.

English walnuts, to divert from normal channels, \$2,200,000.

Filberts, same as above, \$250,000.

A third program, operating under the National School Lunch Act, provides for the following payments for use in the national school-lunch program and to dispose of farm surpluses bought by the Government:

Canned tomatoes and tomato juice, \$3,-600,000.

Concentrated orange juice, \$2,800,000.

Processed and natural Cheddar cheese, \$5,000,000.

Peanut butter, \$2,000,000.

Canned fruit, \$3,850,000.

Mr. WILLIAMS. Mr. President, in the event any Senator is under any illusions that the administration does not like this program, I should like to read what they had to say about it as recently as October 2, 1950, 3 or 4 months after the outbreak of the war in Korea. I quote a statement of Ralph W. Trigg, the president of the Commodity Credit Corporation a division of the Department of Agriculture, which was in charge of administering these sales. He says:

This program is working out very well. Since the 1st of July nearly \$30,000,000 of our surplus commodity holdings have been moved into export through normal consumer channels.

In other words, he boasts that he has been able to give away or sell at bargain prices \$30,000,000 worth of our food products, which the American housewife was not able to buy at that time. He was boasting of the fact, and he said the program was working out very well. He was very much pleased with it.

From their viewpoint it was working out very well because it is part of the planned program to create an artificial shortage so that the American housewife will have to pay high prices. They then hope to get her vote by promising her price controls and low prices. Then they go to the American farmer, who receives at the other end, and they solicit his vote. In that way they play one group against the other. Again I say what a farce! Some day this administration will be called to an accounting by the American people.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. WHERRY. I know that the Senator has made a very careful investigation of the sales. I do not know whether the Senator from Delaware has mentioned it, but sometime ago a Senator mentioned the fact—and I would not want to make an excessive statement—that millions of dozens or thousands of cases of eggs were stored in caves in the West. Does the Senator know anything about it?

Mr. WILLIAMS. Yes.

Mr. WHERRY. What became of the eggs?

Mr. WILLIAMS. I do not know what became of the eggs. A great many of them were sold in export at approximately one-fifth of what they cost. It is interesting to note that our commercial users have imported dried eggs from Red China for their purposes because they can import them cheaper than they can buy them from the Commodity Credit Corporation at the established domestic price. Therefore we are import-

ing from Red China dried eggs, and we are exporting our own eggs to other nations. Whether or not some of our own eggs come back to us I do not know. I have not been able to find out. I have not been able to find anyone in the administration who even cares.

Mr. WHERRY. Does the Senator know whether the eggs which were supposed to have been store in caves have actually been shipped out of the country?

Mr. WILLIAMS. I understand that some of them have. I understand some of them are still stored in caves. I was greatly concerned about the subject and I asked the Department of Agriculture to explain what was happening. I asked them whether or not they were making a careful check to see that we were not buying back some of the same agricultural products that we were exporting out of the country at bargain prices. I also expressed concern that some agricultural products sold at these bargain rates might eventually end up in Russia, China, or other Communist countries. After all, it could happen. I read from a letter from the Department of Agriculture dated December 14, 1950. It is signed by Mr. Lionel C. Holm, acting president of the Commodity Credit Corporation. It reads:

The matter of checking on any rerouting of commodities is not administratively feasible since we do not have available the means for such an undertaking. In the past, we have consulted with the State Department in certain cases to make certain that sales to the original countries of destination did not interfere with the foreign policies of the United States.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. WHERRY. The State Department does not even enforce the provision of the Export Control Act with reference to strategic materials which was placed in the act by the Senate. The President has nullified the act of Congress so far as Austria and Norway are concerned, and he has completely nullified the act for 90 days with respect to strategic materials which find their way into Red China. Certainly if the Commodity Credit Corporation is depending on the State Department to make a check on whether or not eggs and agricultural commodities are coming back they will have to wait a long time before they get any correction from the State Department. Is that not a fact?

Mr. WILLIAMS. I checked with the State Department. I have not been able to find out whether they have made any effort or whether they have any concern with what is going on.

I wish to read an excerpt from another letter. I was concerned about the subject and I took it up again with the Department of Agriculture. I told them I thought there should be some check made because these bargains were being offered to any country who was not a recipient of ECA aid, which excluded almost every friendly nation in Europe. I received the following letter on January 8, 1951:

In line with the prime concern of the Corporation and of the Department, proof of

exportation is required on all commodities which are sold to exporters at reduced prices. Since it is the responsibility of other departments of the United States Government to maintain controls over exports and export licensing, it is not considered to be within the jurisdiction of the United States Department of Agriculture to follow through each export sale to the point of ultimate recipient.

As near as can be determined, one agency of the Government seems to be waiting for another agency of the Government to do the job. In the meantime the American cupboard is becoming bare. There are a lot of mothers in America who will agree with me that charity should begin at home. This asinine policy of destroying good edible food and creating artificial shortages is hard to explain to a mother who is having difficulty in obtaining sufficient food for her children.

I might add that the farmers of America do not endorse this stupid program either. This is purely a New Deal bureaucratic socialistic scheme.

No agency of our Government is making any effort to find out where this food goes. It does not seem to be of any concern whatever to anyone. The sole purpose of the Administration seems to be, as I have said, to buy the commodities with taxpayer money and give them away. As Mr. Trigg said, he thinks the program is working out very well. It does not seem to make any difference to them whether or not they lose money on the transactions.

In fact, after making some checks, I believe that a number of them ran their own businesses that way before they came to Washington, and that is perhaps why they are in Washington now, they could not make a living operating their own business.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. WHERRY. Does the Senator know whether some of the potatoes which were sold for 1 cent a 100 pounds may have found their way to the reciprocal trade countries and may later have been shipped into the United States market, to burden it, in addition to the regular imports from those countries?

Mr. WILLIAMS. Of course, it is impossible for us to determine whether that has actually happened, because there seems to be no effort on the part of any of the Government departments to check on that matter. Much has been said by the Secretary of Agriculture and by others in the administration in an attempt to excuse themselves for carrying on that stupid program. They have said that Congress is at fault and that Congress gave them the instructions to do it.

To repudiate that false claim, Mr. President, I ask unanimous consent to have printed at this point in the RECORD my correspondence from Mr. Harker T. Stanton, assistance legislative counsel of the Senate.

This correspondence places the responsibility squarely upon the administration. This shows that a large number of commodities are being supported solely at the discretion of the Secretary of Agriculture. Those which

are supported under the mandatory provisions of the law are being supported under a law which was endorsed by the Fair Dealers. They cannot dodge their responsibility.

There being no objection, the letters were ordered to be printed in the *RECORD*, as follows:

DECEMBER 5, 1950.

MR. HARKER T. STANTON,
Legislative counsel,
United States Senate,
Washington, D. C.

DEAR MR. STANTON: I notice that the Department of Agriculture has declared as surplus the following commodities:

Mexican canned beef, Mexican canned meat, dried whole eggs, flaxseed, dry edible beans, dry edible peas, wheat, corn, barley, grain sorghums, gum rosin, linseed oil (raw), nonfat dry milk solids.

Will you please advise me which of these commodities are being supported under the mandatory provisions of the law and which are being supported merely at the discretion of the Secretary of Agriculture?

Yours sincerely,

JOHN J. WILLIAMS.

MEMORANDUM FOR SENATOR WILLIAMS

This replies to your letter of December 5 concerning price-support operations for the commodities hereinafter mentioned.

Price support for wheat and corn is mandatory under the provisions of title I of the Agricultural Act of 1949 (Public Law 439, 81st Cong.).

Price support for milk and its products (which would include nonfat dry milk solids) is mandatory under the provisions of title II of the Agricultural Act of 1949.

Mexican canned beef and Mexican canned meat are not subject to any price-support program, but supplies of these commodities were acquired in carrying out the foot-and-mouth disease and rinderpest programs undertaken pursuant to the act of February 28, 1947 (21 U. S. C. 114b-114d), and supplementary legislation.

The 1950 production of eggs, flaxseed, dry edible beans, dry edible peas, barley, grain sorghums, and gum rosin, have been supported at the election of the Secretary. Prior to 1950, eggs, flaxseed, beans, and peas were required to be supported under the provisions of the so-called Steagall amendment and the Agricultural Act of 1948, but these acts were not operative with respect to the 1950 production. Linseed oil has been supported in the past as an incident of the flaxseed-price-support program.

The Secretary of Agriculture has announced that the price of eggs will not be supported in 1951. It has been announced that there will be programs for flaxseed and barley in 1951. No announcement has been made with respect to 1951 programs for the other discretionary commodities listed in your letter.

Respectfully,

HARKER T. STANTON,
Assistant Counsel.

DECEMBER 6, 1950.

MR. WILLIAMS. Mr. President, I shall read excerpts from Mr. Stanton's letter:

Mexican canned beef and Mexican canned meat are not subject to any price-support program—

In other words, as to them, price supports are optional.

I read further from the letter:

The 1950 production of eggs, flaxseed, dry edible beans, dry edible peas, barley, grain sorghums, and gum rosin, have been supported at the election of the Secretary.

So there is no dodging the responsibility for this program.

I read further from the letter:

Prior to 1950, eggs, flaxseed, beans, and peas were required to be supported under the provisions of the so-called Steagall amendment and the Agricultural Act of 1948, but these acts were not operative with respect to the 1950 production.

In other words, those commodities were bought and sold at bargain prices or were given away by the administration on its own responsibility, without being required to do so by law. Nevertheless, the administration wished to do so because it was trying to create an artificial shortage in the United States and trying to raise the cost of living. At the same time they did a lot of howling about how they were trying to hold down prices. They have deliberately been promoting inflation under one law by creating scarcities while at the same time advocating price controls. Again I say what a farce. When we think of what this administration is doing it is little wonder that the laboring man and the farmer are having a hard time to make both ends meet. It is to correct these abuses that I have submitted my amendment to the amendment of the Senator from Illinois. I wish to correct that inconsistency and put a stop to this destruction of good edible food, and at the same time to halt the inflationary spiral.

Much has been said about the meat shortage. Only this week the Quartermaster Corps, which is the procurement division of the Army, stated that it was attempting to procure 20,000,000 pounds of beef, but was unable to obtain it in the United States. The Quartermaster Corps said it needed beef so badly that it would purchase 10,000,000 pounds of beef in foreign countries.

In the first place, Mr. President, there is no sense at all in having the Government agencies make all their purchases at one time. They have followed that practice time after time, even though its stupidity has been pointed out to them. Certainly there is no justification for it. The Government may need 20,000,000 pounds of beef in the next 3 months; I do not question that. However, it is senseless for the Government agencies to attempt to purchase all of the 20,000,000 pounds of beef in a period of 5 days. The Army already has a substantial supply of meat on hand. The sensible thing to do to prevent disrupting the market would be to spread out the purchases over a fairly long period. However, the Government is not willing to do that, but insists on purchasing the entire 20,000,000 pounds of beef at one time.

On the other hand, I find that the Department of Agriculture had 28,000,000 pounds of canned meat and canned beef on hand at the outbreak of the war in Korea. Practically all of that canned meat and canned beef has been declared surplus and has been sold to foreign countries at less than one-half of what it cost the American taxpayers. I checked with the Department of Agriculture to find out whether that was good, edible meat and beef, suitable for American consumption. The Department of Agriculture informs me that the canned meat and canned beef are edible;

in fact, the Department has pointed out that a portion of it was shipped to Korea, to be fed to our forces there. If that beef is good enough for our boys in Korea, certainly it is good enough for those of us who are here at home.

Twenty-eight million pounds of meat has been declared surplus by the same administration that is making a terrific complaint about the shortage of beef. There may be a temporary shortage in this country; but if such a shortage exists, it exists because the administration planned it that way. The administration wants to have these shortages to exist because they give the administration something to talk about. Shortages and the high cost of living occupy the attention of the American people, and take their minds off the scandals and corruption that have been exposed in Washington. I think the administration is glad to find something to divert the attention of the American people from its corruption.

Another major reason for the adoption of my amendment to the amendment of the Senator from Illinois is that if those who are sponsoring the roll-back are sincere, and if Mr. DiSalle is sincere in his stated purpose of rolling back the price of beef to the projected level that he has for October 1951, he must agree to the desirability of the adoption of my amendment suspending the price-support program.

It is agreed by the Senators sponsoring the roll-back that in rolling back prices, meat prices would not be the only ones to be rolled back to the pre-Korean level, but equal treatment would be given to the prices of all agricultural commodities. The statement was made that the prices of both beef and manufactured articles and many other commodities would be rolled back, but I point out that unless my amendment is adopted suspending the price-support program and canceling this wasteful food-destruction program, their amendment just will not work. In fact, it would only be a continuation of the same policy which has existed since the outbreak of the Korean War—a policy which has promoted the greatest cost-of-living rise ever known in this country during such a short period.

Regardless of how many times the American consumers are told that they will be able to obtain cheap meat or lower-price groceries if the Douglas amendment is adopted, or that the cost of living will come down, I say it just will not happen. It cannot come down as long as there is a continuation of this stupid policy of hoarding food products, or having one Government agency throw them away—give them away to some other country—all in an attempt to create an artificial shortage. Such a procedure is senseless, and the sooner that is recognized, the better it will be for all of us.

If the Douglas amendment is adopted, theoretically Mr. DiSalle would have authority to roll back the price of beef to \$23.80 per 100 pounds. Also, theoretically, if the Douglas amendment is adopted, Mr. DiSalle claims he will roll back the price of wheat to the pre-Korean level or \$2.06 a bushel. However, Mr. DiSalle cannot roll back the price

of wheat to the pre-Korean \$2.06 a bushel without violating the price support of \$2.17 per bushel which was recently announced by the Secretary of Agriculture. In fact, if the minimum 100-percent-parity provision is left in the law he cannot roll back wheat prices beyond \$2.41. They cannot roll back the price of wheat without rolling back the price of other grains—if they roll back the price of wheat to \$2.06 a bushel, every farmer who cooperates with the Department of Agriculture then will be a black-market operator and the Secretary of Agriculture will then be the biggest black-market operator the country has ever had. Every sponsor of the roll-back amendment knows full well that they are only kidding the American consumers when they talk about roll-backs to the pre-Korean level. It just cannot be legally done with their amendment as it is now written. It can only be done if they will accept my modification providing for a suspension of the support program for the duration of price controls.

Under the law, the Secretary is supporting the price of wheat at \$2.17 per bushel, and it is mandatory, unless we suspend that law, that he must support the price of wheat this year at \$2.17 per bushel. So there is no sense in standing on the floor of the Senate to say that, if we vote for the Douglas amendment, we shall roll these prices back and thereby give cheaper bread, because it cannot be done. The same thing is true of practically every agricultural commodity.

Under the Douglas amendment, unless we repeal or suspend the price support program at least for the duration of the crisis the benefits to the American consumers will be exactly zero.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield to the Senator from Nebraska.

Mr. WHERRY. I should like to ask the Senator this question: If the Douglas amendment were adopted, then Mr. DiSalle could roll back meat prices to the October level, which is approximately 18 percent lower than the prices were at the time the meat prices were frozen. If that is done, and if the price of corn is not controlled, and there is a floor under it, because of the support price, and if corn goes up—and it is steadily climbing, with the weather conditions—how in the world can anyone expect to get cattle fed, with no price ceilings on corn, but with a floor under the price of corn which supports it to a point where it is difficult even now to buy and feed cattle at the levels at which prices were made in December. Does the Senator believe the Secretary of Agriculture, can, without cattle feeders, get a replacement of cattle, when there is no importation of corn, and when there is a roll-back on meat?

Mr. WILLIAMS. Of course, it could not happen. I point out to the Senator from Nebraska that, in the language of the committee report, and in the legislative background of this amendment, and the legislative background on the floor will govern the interpretation of

the law; the Senator knows that—all of those sponsoring it admit and agree that they recognize the relationship of one commodity to another, and if they roll back one commodity to the pre-Korean level, they must also roll back others. Likewise you cannot roll back farm prices unless you roll back wages proportionately. The sponsors of the Douglas amendment noticeably avoid mentioning this obvious fact.

No matter how long Senators may stand on the floor of the Senate, or how much they may say they want to roll back prices, mathematically it cannot be done, unless the support program is suspended. Otherwise we will have one Government agency violating the laws. For instance, with respect to rice, the Secretary of Agriculture is buying rice at \$5 per hundred pounds. Mr. DiSalle would have to roll the price of rice back to \$4.18, to reach the pre-Korean level. He would not do that, but if he is not going to do that, and if Mr. DiSalle is going to authorize higher prices—prices in some instances 25 to 30 percent higher than the pre-Korean level then someone has been lying to the American housewife, telling her that she is going to get a lot of cheap food, because she is not going to get it under the Douglas amendment.

The administration has no intention of rolling back prices, and I think the people should be plainly and frankly told the truth.

I offer this amendment to correct this inconsistency. If my amendment is adopted, thus making it possible to accomplish the purpose which every sponsor of the Douglas amendment says he intends, I shall vote for the Douglas amendment as modified. It is impossible to justify a continuation of the price support program, which is purely designed to check deflation and take care of surplus, at the same time that Senators are standing on the floor of the Senate trying to rush through a price-control law. We do not need both.

There can be a difference of opinion of whether we need one or whether we need the other, but no man can intelligently rise to tell the American people that they need both agencies operating at the same time. It is but an example of another stupid program and policy of this administration, which, if not checked, will complete the sending of this country into bankruptcy.

The New Deal bureaucrats are always pitying the poor fellow. They are keeping him on their minds so much that they have just about run him into the poorhouse. They cannot build poorhouses fast enough to take care of them. They are always talking about how they are going to put the tax on rich men. As recently as 12 months ago I obtained from the Secretary of the Treasury information as to how much revenue we would get if we were to place a 100-percent tax on all incomes in excess of \$20,000. At that time I was advised that we would only get \$1,800,000,000 extra money, if we confiscated all incomes over \$20,000. Yesterday I asked him the same question in order that I might show how we have gradually been

killing off incentive in this country. I was advised that if we were to pass this same 100-percent tax on all over \$20,000 incomes today, we would only get \$1,300,000,000. In other words, it is down from \$1,800,000,000 in that bracket a year ago to \$1,300,000,000 this year, 12 months later. This reduction comes at a time when most incomes in this country have advanced substantially. So I say that it is time somebody quit talking about how he is going to put this tax and the cost of all these operations on the rich fellows, because there are not enough rich fellows left. We have practically milked dry that source, and we are going to have to put the income tax into the low brackets, because that is about all that if left in this country.

Mr. President, for the information of the Senate and for the information of the country, I ask unanimous consent to have inserted in the RECORD this letter from the Secretary of the Treasury, and the Assistant Secretary of the Treasury, which gives a complete breakdown of the taxes paid by the \$5,000 group, the \$10,000 group, and the \$20,000 group, and the corporations.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

TREASURY DEPARTMENT,
Washington, June 25, 1951.

HON. JOHN J. WILLIAMS,
United States Senate,
Senate Office Building,
Washington, D. C.

MY DEAR SENATOR: This is in further reference to your letter of June 4, 1951, to the Secretary requesting information pertaining to the distribution of individual income taxes, corporation taxes, and excise taxes.

The answers to your questions are as follows:

1. At calendar year 1951 income levels, it is estimated that the revenues from the individual income tax will amount to a total of \$24,000,000,000 under present law rates. Of this total, \$8,300,000,000 or 34.5 percent will be paid by those with adjusted gross incomes (i. e. incomes before deductions and exemptions) under \$5,000. We have not prepared estimates of the proportion of total individual income taxes paid by taxpayers with taxable net incomes under \$5,000.

2. Of the total \$24,000,000,000 of individual income tax liabilities in 1951, \$13,300,000,000 or 55.4 percent would be paid by those with adjusted gross incomes under \$10,000.

3. In the fiscal year 1952, it is estimated that corporation taxes will represent 37 percent of the total net budget receipts.

4. Excise taxes will represent approximately 14 percent of budget receipts in fiscal year 1952.

5. An increase to 100 percent in the rate on taxable incomes in excess of \$20,000 would raise revenues by \$1,300,000,000.

Sincerely yours,
JOHN S. GRAHAM,
Assistant Secretary of the Treasury.

Mr. WILLIAMS. Mr. President, I am not going to press tonight for the vote. I understand it is desired to carry that over until tomorrow, but I hope that those who express concern for the housewife, those who express concern over the inflationary spiral in this country will remember that concern when voting. Inflation is a grave threat, and unless some degree of sanity is restored in this country we will find our country in the

same category as many other nations which have spent themselves into socialism. I venture to say we shall not find a single Member of the Senate rising in an effort to justify this wasteful program at any time during this debate.

They know it cannot be defended.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. DWORSHAK. The Senator from Delaware has indicated that he finds it extremely difficult to justify the criminal procedures involving the destruction of our foods and natural resources, which have resulted in a total loss of approximately a billion dollars. Is it not possible that the administration has followed the course of destroying our wealth primarily to justify the huge additional tax bill which the President has requested? I think he has asked for about \$10,000,000,000 in taxes. Is it not possible that the President feels that the American taxpayers will be happy to provide the dollars which will be used to compensate the Commodity Credit Corporation for the one-billion-dollar loss? Is not that a plausible justification for the new tax bill?

Mr. WILLIAMS. That is where part of the money goes. They will not attempt to use it as one of the justifications, because they are ashamed to tell the truth to the American people. We shall see in the next campaign a repetition of what we saw in the last campaign. Officials of the administration will go out into the country and tell the farmers, "Look at the high prices. We gave them to you. We planned it that way." Then they will tell the consumers how they tried to hold their prices down but were handicapped.

There has been authority in the hands of the Government for the past 12 months to check the price of beef as it crossed the level to which they now attempt the roll-back. They could have checked the price of cotton, and wheat or any other commodity instead of waiting until the prices went up to an unreasonable figure and then tried to roll them back.

If they were sincere in wanting to hold the prices of beef below the projected level of October, it would have been sensible to have held it before it crossed that figure, and not go through the farce of trying to roll back the price. The President could have put the law into effect in September, last year, but, no, they let the price advance out of all reason, and, when it neared the peak, they asked for an extension of the law. They said, "If you will extend the law we will roll back the price." Both of the projected roll-backs of beef prices have been promised by Mr. DiSalle under a bill which has never been passed by the Congress. In other words, for 6 months he sat around and did nothing. Now he is making a great hullabaloo about what he would do if we will pass another law giving him the authority to do it. If he had wanted to do it, he could have done it before. Frankly, I think he would be the most disappointed man in the United States if Congress gave him the power to do what he said he

wanted to do. It would expose the hypocrisy of the administration claims because Mr. DiSalle and every administration official knows full well they cannot roll back prices without suspending the farm-support program.

EXECUTIVE SESSION

Mr. BENTON. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to consider executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. NEELY in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the Committee on Armed Services.

(For nominations this day received, see the end of Senate proceedings.)

The PRESIDING OFFICER. If there are no reports of committees, the clerk will read the nominations on the Executive Calendar.

UNITED STATES DISTRICT JUDGE

The Chief Clerk read the nomination of Thomas F. Murphy to be a United States district judge for the southern district of New York.

Mr. WHERRY. Mr. President, I ask that that nomination be passed over. I think that by tomorrow we shall be ready to consider it.

The PRESIDING OFFICER. The nomination will be passed over.

INTERNATIONAL MONETARY FUND AND INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

The Chief Clerk read the nomination of John W. Snyder, of Missouri, to be United States Governor of the International Monetary Fund and United States Governor of the International Bank for Reconstruction and Development for a term of 5 years.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

DEPARTMENT OF THE INTERIOR

The Chief Clerk read the nomination of Robert R. Rose, Jr., of Wyoming, to be Assistant Secretary of the Interior.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

UNITED STATES ATTORNEYS

The Chief Clerk read the nomination of Bryce R. Holt, to be United States attorney for the middle district of North Carolina.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Howard Caplan to be United States attorney for the northern district of West Virginia.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. O'MAHONEY. Mr. President, I observe that the junior Senator from West Virginia [Mr. NEELY] is presiding over the Senate at this time. I know that if he were not in that position he would move that the President be notified immediately of the confirmation of the nomination of the United States at-

torney for the northern district of West Virginia. So I ask that the President be immediately notified of the confirmation of the nomination of Howard Caplan and all the others whose nominations have been confirmed.

The PRESIDING OFFICER. Without objection, the President will be immediately notified of the confirmations of nominations made this day.

ADJOURNMENT

Mr. BENTON. Mr. President, as in legislative session, I move that the Senate adjourn until tomorrow at noon.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WHERRY. There has been a unanimous-consent agreement entered into that after the quorum call tomorrow the time is to be divided.

Mr. O'MAHONEY. Mr. President, the Senator from Arizona [Mr. McFARLAND] spoke to me a few minutes before he left the Chamber. I see that he is now in the Chamber.

Mr. BENTON. I yield to the majority leader on this subject.

The PRESIDING OFFICER. Under the unanimous-consent agreement, the time will be divided from the time the first quorum call is had.

Mr. McFARLAND. Mr. President, if I may state my reason for wanting an adjournment, it was to end the legislative day. It does not make any real difference.

Mr. WHERRY. It means that we shall have a morning hour, does it not?

Mr. McFARLAND. No, it does not, because we have a unanimous-consent agreement.

The PRESIDING OFFICER. Under the unanimous-consent agreement, there would be no morning hour.

Mr. WHERRY. It is all right with me, Mr. President.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Connecticut.

The motion was agreed to; and (at 5 o'clock and 56 minutes p. m.) the Senate adjourned until tomorrow, Wednesday, June 27, 1951, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 26 (legislative day of June 21), 1951:

IN THE AIR FORCE

The following officers for appointment to the positions indicated under the provisions of section 504, Officer Personnel Act of 1947:

To be lieutenant generals

Lt. Gen. Idwal Hubert Edwards, 11A (major general, U. S. Air Force), Air Force of the United States, to be commandant, Air University, with rank of lieutenant general, with date of rank from October 1, 1947.

Lt. Gen. Earle Everard Partridge, 33A (major general, U. S. Air Force), Air Force of the United States, to be commanding general, Air Research and Development Command, with rank of lieutenant general, with date of rank from April 11, 1951.

Lt. Gen. Otto Paul Weyland, 63A (major general, U. S. Air Force), Air Force of the United States, to be commanding general, Far East Air Forces, with rank of lieutenant

general, with date of rank from April 11, 1951.

Lt. Gen. Edwin William Rawlings, 95A (major general, U. S. Air Force), Air Force of the United States, to be commanding general, Air Materiel Command, with rank of lieutenant general, with date of rank from October 1, 1947.

Lt. Gen. Benjamin Wiley Chidlaw, 23A (major general, U. S. Air Force), Air Force of the United States, to be commanding general, Air Defense Command, with rank of lieutenant general, with date of rank from October 1, 1947.

Maj. Gen. Thomas Dresser White, 22A United States Air Force, to be Deputy Chief of Staff, Operations, United States Air Force, with rank of lieutenant general, with date of rank from date of appointment.

Maj. Gen. Orval Ray Cook, 36A, United States Air Force, to be Deputy Chief of Staff, Materiel, United States Air Force, with rank of lieutenant general, with date of rank from date of appointment.

Maj. Gen. Charles Bertoddy Stone III, 66A, United States Air Force, to be Deputy Chief of Staff, Comptroller, United States Air Force, with rank of lieutenant general, with date of rank from date of appointment.

Lt. Gen. Kenneth Bonner Wolfe, 15A, Deputy Chief of Staff, Materiel, United States Air Force (major general, U. S. Air Force), to be placed on the retired list in the grade of lieutenant general under the provisions of subsection 504 (d) of the Officer Personnel Act of 1947.

The following-named officers for temporary appointment in the Air Force of the United States under the provisions of section 515, Officer Personnel Act of 1947:

To be major generals

Brig. Gen. Thomas Herbert Chapman, 189A, United States Air Force.

Brig. Gen. William Maurice Morgan, 439A, United States Air Force.

Brig. Gen. Raymond Coleman Maude, 239A, United States Air Force.

Brig. Gen. Joseph Vincent DePaul Dillon, 205A (colonel, U. S. Air Force), Air Force of the United States.

Brig. Gen. John Halliday McCormick, 253A (colonel, U. S. Air Force), Air Force of the United States.

Brig. Gen. Frederick Rodgers Dent, Jr., 444A (colonel, U. S. Air Force), Air Force of the United States.

Brig. Gen. Julius Kahn Lacey, 538A (colonel, U. S. Air Force), Air Force of the United States.

Brig. Gen. William Dole Eckert, 560A (colonel, U. S. Air Force), Air Force of the United States.

To be brigadier generals

Col. Earl Maxwell, 19025A, United States Air Force (medical).

Col. Wilfrid Henry Hardy, 226A, United States Air Force.

Col. Walter Williams Wise, Jr., 245A, United States Air Force.

Col. Joseph Cyril Augustin Denniston, 252A, United States Air Force.

Col. Elmer Blair Garland, 322A, United States Air Force.

Col. Matthew Kemp Deichmann, 331A, United States Air Force.

Col. William Tell Hefley, 353A, United States Air Force.

Col. Donald Bertrand Smith, 355A, United States Air Force.

Col. Ernest Keeling Warburton, 407A, United States Air Force.

Col. Thomas Ludwell Bryan, Jr., 452A, United States Air Force.

Col. Daniel Campbell Doubleday, 471A, United States Air Force.

Col. George Elston Price, 475A, United States Air Force.

Col. Floyd Bernard Wood, 500A, United States Air Force.

Col. Wiley Duncan Ganey, 553A, United States Air Force.

Col. Gordon Aylesworth Blake, 582A, United States Air Force.

Col. Henry Keppler Mooney, 589A, United States Air Force.

Col. Lee Bird Washbourne, 810A, United States Air Force.

Col. John Raymond Gilchrist, 836A, United States Air Force.

Col. Clinton Dermott Vincent, 1213A, United States Air Force.

Col. Lloyd Pauahi Hopwood, 1261A, United States Air Force.

Col. William Milton Gross, 663A, United States Air Force.

The following-named persons for appointment in the United States Air Force, in the grades indicated, with dates of rank to be determined by the Secretary of the Air Force under the provisions of section 506, Public Law 381, Eightieth Congress (Officer Personnel Act of 1947), and title II, Public Law 365, Eightieth Congress (Army-Navy-Public Health Service Medical Officer Procurement Act of 1947):

To be captains, USAF (medical)

Roy B. Coffey, AO1907121.

Richard W. Eells, AO1906980.

Donald M. Haskins, AO970761.

George J. Murphy, AO1785416.

Guy L. Rutledge, Jr., AO978166.

Fred S. Schwarz, O1718796.

Craig R. Sigman, AO1767264.

Robert W. Youngblood, Jr., AO976505.

To be first lieutenants, USAF (medical)

Robert H. Adams, AO751227.

George R. Anderson, AO972996.

McAlpin H. Arnold, 494016USNR.

Harry R. Claypool, AO976683.

Robert T. P. de Treville.

Walter W. Dewey, AO409642.

Charles W. Does, AO1906345.

Alonzo M. Donnell, Jr., AO828108.

Louis A. Fraysse III, AO786265.

Benjamin W. Gilliotte, AO668929.

Raphael S. Good, AO1906947.

John E. Graf, O828158.

William K. Graves, AO965834.

R. D. Gregory, Jr., AO756548.

James P. Hensen, AO1906346.

Alvin S. Natanson, AO2213194.

Bertram L. Pear, O854441.

Chester R. F. Poole, AO976327.

George E. Reynolds, AO392893.

Gerard B. Schroering, Jr., AO2212418.

Bland H. Schwarting, AO720729.

Franklyn C. Spiro, O670279.

Thomas P. Talley, O403948.

Andrew L. Tucker, AO2212968.

Allen S. Weed, AO972600.

Gregory J. Zann, O2201309.

To be first lieutenants, USAF (dental)

William E. Ayres, AO424878.

Edward E. Dickson, AO1906241.

Barnes R. Kendrick, AO969607.

Ray E. Parsons, AO566385.

Hubert W. Woodward, AO1906204.

Subject to physical qualification and subject to designation as distinguished military graduates, the following-named distinguished military students of the Senior Division, Reserve Officers' Training Corps, for appointment in the United States Air Force, in the grade of second lieutenant, with dates of rank to be determined by the Secretary of the Air Force under the provisions of section 506, Public Law 381, Eightieth Congress (Officer Personnel Act of 1947):

Wilbur O. Aikin, Jr.	Jesse A. Key
Burt S. Bailey	Robert H. Krumpe
James E. Banks	Wilbur S. Light
Wendall C. Bauman	John W. Lloyd
Cecil L. Brewer	Eugene L. Main
Murray L. Brockman, Jr.	George W. Mallick
John A. Brown, Jr.	Frank S. McCracken
George M. Browning, Jr.	Richard H. McFarland
Richard P. Cline	James F. Patton
Jack P. Davey, Jr.	James L. Quinn
Edgar L. Drain,	John T. Schiffer,
AO1856295	AO1863395
Arthur A. Fagen, Jr.	Russell E. Schmitt
Harry E. George, Jr.	Stanley G. South-
Elmer H. Green, Jr.	worth, Jr.
Charles R. Hoffman,	Herbert R. Swing, Jr.
Jr.	Richard R. Tumlin-
	son
	William A. Warner

The following-named graduate, United States Naval Academy, class of 1951, for appointment in the United States Air Force, in the grade of second lieutenant, with date of rank to be determined by the Secretary of the Air Force under the provisions of section 506, Public Law 381, Eightieth Congress (Officer Personnel Act of 1947):

Melto Goumas, AO2239112.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 26 (legislative day of June 21), 1951:

INTERNATIONAL MONETARY FUND AND INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

John W. Snyder, of Missouri, to be United States Governor of the International Monetary Fund, and United States Governor of the International Bank for Reconstruction and Development for a term of 5 years.

DEPARTMENT OF THE INTERIOR

Robert R. Rose, Jr., of Wyoming, to be Assistant Secretary of the Interior.

UNITED STATES ATTORNEYS

Bryce R. Holt to be United States attorney for the middle district of North Carolina.

Howard Caplan to be United States attorney for the northern district of West Virginia.

June
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DIGEST

OF

CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued June 28, 1951
For actions of June 27, 1951
82nd-1st, No. 115

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HIGHLIGHTS: House passed farm-labor bill. House Rules Committee cleared temporary appropriation bill for debate today. House debated defense-production bill.

Senate de-

bated defense-production bill. Rep. Spence introduced measure to continue Defense Production Act for a month. Sen. Connally introduced and discussed foreign-aid bill.

HOUSE

1. **FARM LABOR.** Passed, 240-139, S. 984, to provide for recruitment of Mexican farm laborers, etc., in the form in which H. R. 3283 had been reported to the House (pp. 7358-82). The House and Senate versions of the proposed legislation were printed in the Record (pp. 7331-2). Rejected the following amendments:
 By Rep. Celler, 55-125, to provide penalties for hiring "wetbacks" (pp. 7358-63).
 By Rep. McCarthy, to charge farmers up to \$20 per worker instead of \$10, 62-149 (pp. 7366-72).
 By Rep. Bailey, to increase this figure to \$35, 26-81 (pp. 7372-3).
 By Rep. Polk, 44-137, to substitute the Senate language, with omission of the Douglas amendment (which had been ruled out of order), for the House bill (pp. 7358-74).
 By Rep. Jackson, 47-97, to provide for the reception centers to be located wherever needed instead of along the Mexican border (pp. 7374-8).
 The following amendments were ruled out of order:
 By Rep. Celler, to authorize the Justice Department to operate detention facilities for apprehension and removal of Mexicans who are in the U. S. illegally (pp. 7378-9).
 By Rep. Rogers, to provide for employment of children when they are not required to be in school (pp. 7379-80).
 Rep. Polk inserted an article by Archbishop Lucey, "The Scandal of Migratory Labor" (pp. 7391-2).

2. **TEMPORARY APPROPRIATIONS.** The Rules Committee reported a closed rule for consideration of H. J. Res. 277, to make appropriations available from July 1 through July 31, or until appropriations are enacted through the regular procedure, whichever is earlier (p. 7399). Majority Leader McCormack said the measure will be debated today (June 28) and that it is expected to take the entire day (p. 7392). The joint resolution provides that appropriations for this Department

will be available on the basis of the smaller of (1) the Budget estimates and (2) the House figures. The so-called Whitten amendment, regarding filling of vacancies on a temporary basis, etc., would be continued. The provision eliminating the 25% pay differential for USDA employees outside continental U.S. who are not from continental U. S., would not be effective during the temporary period.

3. DEFENSE PRODUCTION. Began debate on H. R. 3871, to extend and amend the Defense Production Act, agreeing to the resolution providing for formal debate on the bill (pp. 7383-90, 7595-7).
4. VOICE OF AMERICA. Rep. Lane, Mass., spoke in support of this program and asked that additional funds be made available for it (pp. 7397-8).
5. INDEPENDENT OFFICES APPROPRIATION BILL. Agreed to a Senate concurrent resolution to correct an error in this bill, H. R. 3880 (p. 7357).
6. APPROPRIATIONS. Received from the President a supplemental appropriation estimate, 1952, for \$27,000,000 for government and relief in occupied areas, Army Department. (Received June 20 and referred to Appropriations Committee.)

SENATE

7. DEFENSE PRODUCTION. Continued debate on S. 1717, to extend and amend the Defense Production Act of 1950 and continue rent controls (pp. 7408-66).

Agreed to an amendment by Sen. Butler, Nebr., to prohibit OPS from placing quotas on meat slaughtering, by a 47-33 vote (pp. 7461-5).

Rejected the following amendments:

By a vote of 26-61, a motion by Sen. Douglas to strike out the section of the bill prohibiting rollbacks which take effect after the enactment of the bill and which rollback prices below the price prevailing during the period from Jan. 25 to Feb. 24, 1951 (pp. 7422-43).

By a vote of 4-78, an amendment by Sen. Williams (to the Douglas amendment) to suspend price supports (pp. 7421-2).

By a vote of 39-49, an amendment by Sen. Wherry, in the nature of a substitute for the Douglas amendment, to provide that rollbacks may not be imposed lower than "the ceiling price prescribed for any agricultural commodity by any regulation or order issued prior to the enactment of this paragraph" in addition to prohibitions in the bill that rollbacks may not be imposed after enactment of the bill or below the price level of Jan. 25 to Feb. 24, 1951 (pp. 7432-5).

By a vote of 25-63, an amendment by Sen. O'Mahoney to prohibit rollbacks only on beef and mutton (pp. 7429-40).

By a vote of 22-61, an amendment by Sen. Moody to defer for 60 days after enactment the prohibition against rollbacks (pp. 7443-8).

By a vote of 25-56, an amendment by Sen. O'Mahoney, as modified, to provide for the dispersal of industrial plants to be constructed under the bill (pp. 7448-61).

Sen. McFarland inserted a letter from Eric Johnston, Economic Stabilization Administrator, opposing the prohibition against rollbacks (p. 7420).

Sen. Schoeppel inserted Assistant Secretary Hutchinson's letter to Sen. Robertson explaining parity prices of beef cattle (p. 7434).

Sen. McCarran criticized "the growing trend toward legislative erosion of the Administrative Procedure Act," and submitted an amendment he intends to propose to repeal all laws or parts of laws granting exemptions from the Act since its enactment (pp. 7410-5).

8. LANDS. The Agriculture and Forestry Committee reported without amendment S. 752, authorizing the Secretary of Agriculture to convey certain lands (part of an old animal disease station) to the Maryland-National Capital Park and Planning Commission (S. Rept. 494); and S. 1403, to authorize and direct the Secretary of Agriculture to transfer to the Navy Department certain property at Shumaker, Ark. (S. Rept. 495) (p. 7402).
9. DAIRY IMPORTS. Sen. Wiley inserted a Land O' Lakes Creameries letter objecting to the reduction in tariff on butter and cautioning against difficulties under the price-support program which may result from increased imports (pp. 7401-2).
10. NOMINATIONS. The Armed Services Committee reported favorably the nominations of James W. Wadsworth, Thomas C. Kinkaid, Raymond S. McLain, William L. Clayton, and Karl T. Compton to be members of the National Security Training Commission (p. 7403).

BILLS INTRODUCED

11. FOREIGN AID. S. 1762, by Sen. Connally, to promote the foreign policy and provide for the defense and general welfare of the U. S. by furnishing assistance to friendly nations in the interest of international security; to Foreign Relations Committee (p. 7402). Sen. Connally inserted his statement explaining that the bill is designed to give effect to the President's proposals for continued military and economic foreign aid and other related matters (pp. 7422-3).
12. DEFENSE PRODUCTION. H. J. Res. 278, by Rep. Spence, Ky., to continue for a temporary period the Defense Production Act of 1950, and the Housing and Rent Act of 1947; to Banking and Currency Committee (p. 7399).
H. R. 4623 and 4624, by Rep. Saylor, Pa., and H. R. 4619 and 4620, by Rep. Baring, Nev., to amend the Defense Production Act of 1950; to Banking and Currency Committee (p. 7399).
13. A.A.ACT. S. 1763, by Sen. Byrd, to amend the Agricultural Adjustment Act of 1938; to Agriculture and Forestry Committee (p. 7402).
14. IMPORTS. H. R. 4629, by Rep. Staggers, W. Va., to prohibit the importation of certain articles and products containing raw materials with respect to which priorities have been established or allocations made under the Defense Production Act of 1950; to Banking and Currency Committee (p. 7399).
15. RIVER COMPACT. H. R. 4628, by Rep. Rogers, Tex., granting the consent of Congress to a compact entered into by Okla., Tex., and N. Mex. relating to the waters of the Canadian River; to Interior and Insular Affairs Committee (p. 7399).

ITEMS IN APPENDIX

16. FARM LABOR. Extension of remarks of Rep. Sabath, Ill., favoring a provision in the farm labor bills to control the illegal entry of farm workers from Mexico (p. A4116).
17. WEATHER. Extension of remarks of Rep. Vursell, Ill., favoring the placing of responsibility and control for artificial rainmaking in USDA, and urging Members of Congress to give "serious consideration" to experiments in weather control (pp. A4092-3).

18. GOVERNMENT ETHICS. Extension of remarks of Rep. Springer, Ill., summarizing his reasons for favoring H. Con. Res. 128, providing a code of ethics in the Government (pp. A4091-2).
19. MEAT PRICES. Rep. Jensen, Ia., inserted a Ceiling Price Regulation amendment for beef items sold at retail (pp. A4108-9).
20. EMERGENCY CONTROLS. Rep. Van Zandt, Pa., inserted 2 Altoona (Pa.) Mirror and Tribune editorials opposing price controls (pp. A4088-9).
Rep. Reed, N. Y., inserted a Detroit Free Press editorial, "Beyond Economic Controls---a Deeper Issue" (p. A4099).
Rep. Multer, N. Y., inserted a resolution adopted by Chester Bowles and others favoring enactment of a "good, effective control law" (p. A4113).
21. DEFENSE PRODUCTION. Rep. Patterson, Conn., inserted Meriden (Conn.) Daily Journal and a Bridgeport Chamber of Commerce articles opposing the proposed amendment to Defense Production Act to disperse industrial plants (p. A4107).
22. EXPENDITURES. Rep. Norblad, Oreg., inserted a Lincoln County (Oreg.) editorial criticizing Government expenditures (p. A4106).
23. TAXATION. Rep. Reed, N. Y., inserted an article opposing H. R. 4473, the tax bill, and showing by comparison Federal grants-in-aid and increased costs to the taxpayers by State (pp. A4089-90).
Extension of remarks of Reps. Bolton, Ohio, and Harrison, Wyo., opposing the tax bill (p. A4095).
24. LEGISLATIVE REORGANIZATION. Sen. Kefauver inserted a New York Times article criticizing the organization of Congress and suggesting changes (pp. A4116-8).
25. ELECTRIFICATION. Sen. McMahon inserted the report of the Electric-Power Industry Advisory Committee on cooperation between the industry and the Atomic Energy Commission (pp. A4083-6).
26. PERSONNEL. Rep. Rees, Kans., inserted a Washington Times-Herald article discussing some of the benefits and responsibilities of Federal employment (pp. A4109-10).
Rep. Brooks, La., inserted a New Orleans Item article, "Reduce Long Vacations---Cut Spending But Guard Efficiency" (p. A4110).
Rep. Howell, N. J., inserted a constituent's letter favoring increases in salaries for Government employees (pp. A4123-4).

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COMMITTEE HEARINGS ANNOUNCEMENTS for June 28; H. Agriculture, Sugar Act amendments; H. Banking and Currency, Defense Production Act continuation for a month (ex.); H. Foreign Affairs, foreign-aid authorization (Acheson to testify); S. Civil Service, employees' leave; S. Appropriations, Interior Dept. and Army civil functions appropriations bills (ex.); S. Finance, tax-revision bill; S. Labor and Public Welfare, ethics in Government; H. Expenditures, Executive and Legislative reorganization; H. Judiciary, mobilization program (ex.); conference, Labor-FSA appropriation bill.

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For supplemental information and copies of legislative material referred to, call Ext. 4654 or send to Room 105 Adm.

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I want to say a word about these prisoners. Theoretically, at least, 10,000 American boys are prisoners of war. What their condition is, no man knows, but every one of us can imagine what their situation is while they remain in the hands of the heathen enemy.

Mr. President, I have received many telephone calls about our boys who are prisoners of war since the resolution was presented. The calls came from the parents and the loved ones of these war prisoners. They urged the adoption by the Senate of the resolution requesting the United Nations to arrange a cease-fire, hoping and praying that maybe their loved ones might be restored to them thereby.

The third proposition, and the one to which the Senator from Indiana has referred, was that on or before January 1, 1952, all foreign troops leave Korea and only diplomatic representatives remain.

The Senator from Indiana says that if that were done, North Korea would immediately conquer South Korea. North Korea has one-third the population of Korea, South Korea having two-thirds of the total population. The thirty-eighth parallel was established by the United Nations. I do not think it was a wise move, and I said so in my interview; but I think the people of Korea are stuck with it for the time being. I hope Korea may be united, not by force of arms, but through political action.

Since one-third of the population of Korea is on the north side of the thirty-eighth parallel and two-thirds of the population is on the south side of that parallel, I do not see how one-third of the population can take over the two-thirds on the south side of the thirty-eighth parallel unless the people on the south side of that parallel want that to be done.

Mr. President, I ask unanimous consent to have inserted in the RECORD at this point my interview over the radio.

There being no objection, the interview was ordered to be printed in the RECORD, as follows:

CEASE FIRE IN KOREA

(Extension of remarks of Hon. EDWIN C. JOHNSON, of Colorado, in the Senate of the United States, Monday, May 28, 1951)

Mr. JOHNSON of Colorado. Mr. President, I ask unanimous consent that there be printed in the Appendix of the RECORD a radio program entitled "Pro and Con," conducted by Frank Bourgholtzer, White House correspondent of the National Broadcasting Co., who interrogated me about the resolution I offered in the Senate on May 17 with the objective of ending hostilities in Korea.

"CEASE FIRE IN KOREA

"('Pro and Con' program on National Broadcasting Co. Washington radio station WRC 10:45 p. m. to 11 p. m., May 25, 1951, Frank Bourgholtzer, White House NBC correspondent, interrogator; EDWIN C. JOHNSON, United States Senator of Colorado, being questioned)

"Question. Korea and what to do about her still dominates the news. Last week Senator EDWIN C. JOHNSON, Democrat, Colorado, offered a Senate resolution calling upon the United Nations to promulgate a cease-fire order effective 4 a. m. June 25, 1951, the first anniversary of the beginning of hostilities there. Senator JOHNSON is here in the

studio with me and I shall start 'Pro and Con' off with this question: Why did you propose a cease-fire order by UN?

"Answer. There are many reasons for the resolution, but the facts developed by the testimony of the MacArthur hearing convinced me that a cease-fire order now is not only timely but is the only way out.

"Question. What facts, Senator?

"Answer. General MacArthur indicated that only a madman would undertake a war on the mainland of China. In other words, he, too, is against an all-out war in China. When General Bradley took the witness-stand he made it clear that in the administration's opinion a Chinese war would be the wrong war, at the wrong time, in the wrong place, with the wrong enemy. Hence, both sides in the "great debate" veto an all-out war with China. But the facts are that China and the United States have been at war many months. Last week we claimed we killed and wounded 70,000 Chinese soldiers, and we admitted that we suffered severe casualties ourselves.

"I believe that our generals are correct when they say "War with China would be madness," and when they say it would be 'the wrong war, in the wrong place, at the wrong time, with the wrong enemy.' In my opinion there is no way to keep the limited war with China from developing into a full-scale war with China. The logical thing to do, therefore, is for the United Nations to stop the terrible slaughter in Korea before it matures into a full-scale war with China, which it must do unless it is stopped.

"Question. Are you suggesting that General MacArthur and the administration are in agreement on the Chinese war?

"Answer. Oh, no. There are areas of disagreement, but the areas of agreement are far greater than the areas of disagreement between these opposing factions. As I understand their positions, the administration advocates a more limited war than does General MacArthur. Their difference is one of degree. Both appear to believe that a general war with China would be a major catastrophe and that world war III would rock the very foundations of civilization. The best way I know to stop the impending all-out war with China and impending world war III is for the United Nations to stop the so-called limited war between the Allies and China now. During the past 3 years the world's foremost statesman, Winston Churchill, repeatedly has urged negotiating small wars for the best possible peace which can be obtained. It is his contention that sooner or later small wars are certain to lead to a big war.

"Question. Just what are the terms of your resolution, Senator?

"Answer. Perhaps I should read it. It is not very long, and it is full of meat.

"In Senate Resolution 140, submitted in the Senate May 17, I list 11 reasons for its enactment, as follows:

"First, to permit civilization to be destroyed by world war III is utter insanity and unworthy of the men of this century.

"Second, the Korean War has every appearance of being a hopeless conflict of attrition and indecisiveness and a breeder of bitter racial hatreds.

"Third, a limited war, like a limited or smoldering fire, is gravely dangerous, for it may burst forth into a world-wide conflagration at any moment.

"Fourth, the North and South Koreans, the Chinese, and the United Nations have suffered more than 1,000,000 casualties, with the only tangible result, so far, the indescribable misery which has been heaped upon the Korean people.

"Fifth, tremendous strides have been made in the development of hitherto unused lethal and destructive weapons of war with potentials of unbelievable fury and horror.

"Sixth, by slaughtering additional millions of humans an uneasy peace might in time be forced upon the vanquished.

"Seventh, the people of the United States traditionally have held the people of China in the highest esteem and affection and still do.

"Eighth, the people of the United States have long recognized the wisdom of the principles of the Monroe Doctrine so eloquently portrayed by the slogan 'Asia for Asiatics' if it were to be applied to Asia.

"Ninth, it has long been the policy of the American people that no nation should seek to extend its form of government over any other nation or people, but that as an inherent right every people should be left free to determine its own form of government and its own way of life, unhindered, unthreatened, unafraid—the little along with the great and the powerful.

"Tenth, the traditional policy and desire of the people of the United States of America is now and has been a just and enduring peace; and

"Eleventh, it is never too early for God-fearing and peace-loving peoples to earnestly endeavor to stop needless human slaughter.

"Now, therefore, be it

"Resolved, That it is the sense of the Senate that the United Nations call upon all nations and all groups now engaged in the War in Korea to cease fire and declare an armistice effective at 4 a. m. (Korean time) June 25, 1951; and that prior thereto the United Nations forces retire to points south and the opposing forces retire to points north of the thirty-eighth parallel; and that before December 31, 1951, all prisoners of the Korean War shall be exchanged and all non-Korean persons, military and nonmilitary (except the ordinary diplomatic representatives), shall depart from North and South Korea."

"Question. What does the State Department think of your resolution?

"Answer. I do not know. I have not asked them, but I am certain that the State Department above everything else wants peace in the world.

"Question. What groups in this country suggested the introduction of Senate Resolution 140?

"Answer. No groups suggested it. None were consulted. However, I hope that church groups, women's clubs, organized labor groups, luncheon clubs, and many other alert organizations devoted to the public interest and a peaceful world will demand prompt action on it.

"Question. Do you regard this resolution a partisan political issue?

"Answer. Indeed I do not. It is the hottest issue in the United States today, but it is not partisan. Every responsible political party and every responsible political leader in the United States should and does want to stop the war in Korea at the earliest possible hour. No political party in the United States is a war party. Certainly I have no personal political ambition or design myself.

"Question. What about the newspapers?

"Answer. Most of them have shied away from the issue which my resolution presents as though it were a hot potato. The Denver Post, the largest newspaper in the Rocky Mountain empire, has castigated me as a defeatist, an isolationist, and an appeaser, but support from the Colorado people has been tremendous which proves that, while they read the Denver Post, they do their own thinking and want the conflict in Korea settled now.

"Question. Have any Senators joined you in sponsoring this resolution?

"Answer. I did not ask any Senator to join me, nor did I consult any Senator with respect to it. I introduced it strictly on my own. I thought it up all by myself. However, multiplied millions of people in the United States and all over the world long

for peace and so I know that any equitable, realistic, and sincere peace proposal would find countless supporters all over the world. The affair in Korea has the whole world on edge.

"General Ridgway, commanding general of Korea, in a recent letter to his church wrote: 'Hundreds of thousands of poor people, the old, infirm, infants, the sick, fleeing night and day across country over the ice of frozen streams, in temperatures at zero, no shelter at night but that obtained from huddling together and from such of their belongings as are on their backs or ox or small two-wheeled cart—would to God the American people might see a full-length movie of current events here in their true setting.'

"When General MacArthur testified recently before the Senate committee, he said: 'The war in Korea has already almost destroyed that nation of 30,000,000 people. I have never seen such devastation. I shrink with a horror that I cannot express in words, at this continuous slaughter in Korea. I have seen, I guess, as much blood and disaster as any living man, and it just curdled my stomach the last time I was there. After I looked at that wreckage and those thousands of women and children and everything, I vomited. If you go on you are going to destroy that people. I think we should make some extraordinary effort to bring it to an end.'

"Question. It is said that Russian newspapers gave your cease-fire proposal considerable attention. Is that bad news?

"Answer. No, indeed, that is good news. Peace is not a one-way street. There can be no peace in the world unless Russia agrees to it. If Russia would cooperate with the peace-loving people of the world, we could have world peace and world prosperity right now. So if Russia is interested in establishing peace in Korea, the battle is half won.

"Question. Does your resolution appease the Communists?

"Answer. Of course it does not. There is not one word of appeasement in it. Senate Resolution 140 turns Korea back to the Koreans. Under its terms every people other than the Koreans get out by next New Year's day. The United States wants nothing in Korea except the happiness and prosperity of the Korean people.

"Senator Duff, in a commencement address at Carson College in Jefferson City in Tennessee, said:

"'Unless we are dealing with complete madmen in Russia, there must surely be some avenue whereby it will be possible to discuss seriously and sincerely methods to adjust the misunderstandings on some other basis than by destroying civilization itself.'

"Question. Will it not prove very difficult for the UN to negotiate an armistice now?

"Answer. Korea is a testing ground for negotiating peace. If we cannot settle this conflict where the conditions now are so ripe for settlement, we must confess impotency to negotiate peace anywhere. If we wait for an unconditional surrender before we start developing peace terms, we better start preparing for a hundred years' war. Men of good will, Korea is the testing ground of UN's capacity to negotiate peace. Dorothy Thompson, in one of her recent columns, wrote this:

"'War has become the supreme lunacy. It can accomplish nothing for an ideology, for it crushes every idea. It is the dissolver of all social orders; it is the dissolver of life itself.'

"Question. How will the recent victories of the United Nations forces affect your resolution?

"Answer. In peace negotiations, it is always a great advantage to lead from strength and not weakness. It is great to be in the driver's seat. Our current victories and smashing rout of the enemy in Korea give

us a tremendous psychological advantage right now in pressing for a just peace.

"Question. Will North Korea invade South Korea the moment foreign troops are withdrawn?

"Answer. I do not think so. The Korean War has taught many people, including the people of the United States, many lessons. The North Koreans have learned the hard way that aggression does not pay. I hope they have been cured of thinking that the world will sit idly by while they try to subdue their neighbors with gun powder. I believe they have learned this lesson well. Furthermore, there are more than twice as many South Koreans as North Koreans. The tail is not going to wag the dog.

"Question. Does not your resolution add to the significance of the thirty-eighth parallel?

"Answer. It neither adds to nor detracts from it. The civil war in Korea did, of course, add great importance to this imaginary line. But we are the original architects of this poorly conceived device. When our war with Japan ended, the United States Government created the thirty-eighth parallel. Now the Koreans are stuck with it and only the Koreans can eliminate it. Even bad eggs cannot be unscrambled. We created the same botched-up misfortune for Germany and Austria. Perhaps time, patience, and good will may eliminate these wicked and arbitrary divisions of peoples and states.

"Question. What results other than talk do you anticipate from your cease-fire resolution?

"Answer. I expect it to stop hostilities in Korea 4 a. m., June 25, 1951. One year of the futile, senseless, inhuman sacrifice of the youth of many nations is shocking. A further extension of this debacle would be criminal. Our best hope is not to muddle on and on. Everyone knows that one day a cease-fire order will be issued. W. Averell Harriman, official Presidential adviser, in speaking on a radio program recently, about the Korean War ending, said:

"'The Korean fighting might end next week, the week after, in a month or 2 months.'

"Eventually peace will be negotiated. How many additional thousands of youths must die before we do that negotiating? Why not negotiate right now? Emerson says, 'Ninety-ninths of wisdom is being wise in time.' There will never be a more appropriate time to cease fire than on or before June 25, 1951."

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the concurrent resolution (S. Con. Res. 35) ordering the re-engrossment of the Senate amendments to the bill (H. R. 3880) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices for the fiscal year ending June 30, 1952, and for other purposes.

The message also announced that the House insisted upon its amendment to the bill (S. 1590) to extend and revise the District of Columbia Emergency Rent Act, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. HARRIS, Mr. ABERNETHY, and Mr. O'HARA were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to

the following enrolled bills, and they were signed by the Vice President:

H. R. 512. An act conferring jurisdiction upon the United States District Court for the District of Massachusetts to hear, determine, and render judgment upon the claim of Mrs. Walter J. Bickford;

H. R. 1692. An act for the relief of Chester A. Macomber;

H. R. 1789. An act for the relief of Sgt. Benjamin H. Martin;

H. R. 1800. An act for the relief of the estate of Chin Hien Lee; and

H. R. 3229. An act for the relief of Mrs. Albert W. Lack.

EXTENSION OF DEFENSE PRODUCTION, AND HOUSING AND RENT ACTS

The Senate resumed the consideration of the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

Mr. MAYBANK. Mr. President, I should like to make a brief statement at this point. I have noticed in the afternoon edition of the Evening Star an article to the effect that the bill now under consideration in the Senate may not be passed by the House of Representatives before the end of June. As chairman of the Banking and Currency Committee and as representing the party which held a caucus yesterday, following which the statement was made that it is our intention to have a night session tonight and possibly a night session tomorrow in order to complete action on the bill, I believe that it is my duty to state that I shall insist that this bill be passed by the Senate within that period of time, because we must not let the present law expire. If the House is not going to pass the bill before the expiration of the present act, it will have great difficulty in writing a new bill after June 30.

As chairman of the Banking and Currency Committee, and after conferring with our caucus yesterday and with the other members of the Banking and Currency Committee, I wish to state that if we remain here tonight and possibly tomorrow night, and thus complete action on the bill, it will not be the responsibility of the Senate if the bill is not enacted into law before the first of July.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. MAYBANK. I yield.

Mr. LANGER. Do I correctly understand that we are to remain in session tonight and all day tomorrow and tomorrow night, with possibly 1 hour allowed for sleeping?

Mr. MAYBANK. I can only say to my good friend, the Senator from North Dakota, that it is our hope to complete action on the bill sometime tomorrow.

I wish to make this statement because I hope the House of Representatives will be able to take final action on the bill tomorrow or the next day, so that following a conference on the bill, the conference report will be agreed to by both Houses by Saturday night.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield to the Senator from Virginia.

Mr. ROBERTSON. I fully endorse what the chairman of the committee has

said. There can be no doubt about the fact that we must have a control program. Regardless of differences on minor details, the Senate is going to pass a bill continuing some kind of credit, wage, and price controls, as well as the allocation of scarce materials. There is no inherent reason in the world to think that the Senate cannot complete action on the bill by tomorrow afternoon, or, certainly, by some time tomorrow night, without, as the distinguished Senator from North Dakota has indicated, staying up all of Wednesday night and all of Thursday night; because, with all due deference, there is a limitation on debate, and no amendment which is not germane, and which has not already been offered, can be offered.

It would be most unfortunate if a hiatus were to occur in the control program, or in the attempt to pass a bill to continue it, when it is entirely within our power to complete action before the expiration of the law. I hope that the message which the distinguished Senator has just given us about this news item, which, as I understood, was to the effect that the House leaders did not intend to finish the work on the bill—and though we are not at liberty to comment upon what happens in the House, we can read what is published in the press—will be followed by a change of mind on the part of House leaders, if that is their present plan.

Mr. MAYBANK. I merely wish to say that I did not intend to comment upon the House action. I only wanted to state the position of the Senate and of the Senate Policy Committee, as I understood it.

Mr. McFARLAND. Mr. President, will the Senator from South Carolina yield?

Mr. MAYBANK. I yield to the distinguished majority leader.

Mr. McFARLAND. In answer to the question of the distinguished Senator from North Dakota, I may say it is not our intention to remain in session all night tonight, but I gave notice of a night session. How late it will continue will depend upon how much progress we were able to make. I had hoped that we could finish consideration of this bill this afternoon or tonight; if not, we could continue its consideration tomorrow and possibly have a night session. We must finish it. I may say the position attributed to the House leaders is not in accordance with my understanding.

Mr. MAYBANK. I merely referred to an article which appeared in the press.

Mr. McFARLAND. It is my understanding that the House leaders intend to push forward, as we intend to do, in order to complete this legislation.

Mr. LANGER. Mr. President, I yield 12 minutes of my time to the senior Senator from Kansas.

The VICE PRESIDENT. The Senator from Kansas is recognized for 12 minutes.

Mr. SCHOEPEL. Mr. President, I am one of the members of the committee who considered the proposed legislation which is now before the Senate.

Mr. MAYBANK rose.

The VICE PRESIDENT. For what purpose does the Senator rise?

Mr. MAYBANK. To propound a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. MAYBANK. Mr. President, it was understood by the Senator from Nebraska and myself that the Senator from Indiana [Mr. JENNER] should have 30 minutes and was to be followed by the Senator from Nevada [Mr. McCARRAN] for 45 minutes.

The VICE PRESIDENT. The Chair knows nothing about any off-the-record agreement. The Senator from North Dakota, representing the Senator from Nebraska, has yielded 12 minutes to the Senator from Kansas. The Chair could not do otherwise than to recognize the Senator from Kansas.

Mr. SCHOEPEL. Mr. President, I gladly defer. I had no knowledge of the arrangement.

Mr. MAYBANK. Mr. President, the Senator from Nevada [Mr. McCARRAN] says it is quite all right with him.

Mr. SCHOEPEL. I assure the Senator from Nevada that I knew nothing about the arrangement.

The VICE PRESIDENT. The Senator from Kansas is recognized.

Mr. SCHOEPEL. Mr. President, I concurred in and supported section 2, which is the so-called anti-roll-back provision amending title IV. Likewise, I supported section 3, the amendment to Regulation W, as it affects automobiles under the general authority of title VI.

I have attended practically every hearing of this committee over a period of several weeks and, outside the Government witnesses who appeared, there were very few who were in favor of all sections and provisions in the bill. The greatest objection was to title IV, and it came from all sections of the country. As has been pointed out by other Senators, this was the section, or a part thereof, that was not requested by the Chief Executive but was placed in the bill by the Congress. A great delay ensued before anything was done under this section to freeze prices—in fact, from September 9 until January 25, 1951—despite the fact that last year the Congress approved a bill giving the administration the authority to freeze prices or to roll back prices to a base period of May 24 to June 24, 1950.

On January 26, 1951, the administration moved under the act and froze some prices; others were permitted to rise. It is significant to note that no roll-backs were made at that time.

It was then January 25, that for the first time rather officially, or unofficially, as the case may be, we began to hear about rolling back some prices. A strong hint was put out that the roll-back was going to be on beef prices. We all must recognize that Mr. DiSalle was sworn in on December 19. He started new on the job. That, however, does not, in my judgment, excuse those in authority for failing to act sooner. It is a rather flimsy excuse to say that nothing could be done because no one had been appointed Administrator. By the simple expedient of no appointment, there were

no controls or freezes until prices had gone merrily on their way upward—encouraged every few days and weeks by statements from those in Washington that this or that was likely to happen. Senators will remember the press reports of lines of people before stores—to get in ahead of some alleged deadline.

The memories of the people of the country were not short. They remembered what happened in World War II and were not going to be caught again, at least, not to the extent they were in the World War II period.

It probably will never be known exactly how much went into inventories of one kind or another, but it was terrific. Manufacturing concerns of all kinds were at or near capacities. No one in Washington wanted to disturb all this. That fact was quite apparent. Later, despite all the predictions of the economists as to shortages, great surpluses began to show up in many lines of commodity goods. We heard about it by the week from witnesses from all over this land. All one needs to do is to read the record. It is there. Senators can inquire in their own communities and they will find it. Press reports and advertisements reminded us of cut-rate sales to get rid of overstocks of all kinds. Lay-offs have appeared in many places.

I am sure that many members of the committee were impressed that something had to be done to assure business, industry, labor, and agriculture that they would have some protection against drastic roll-backs when their investments, savings, and credits were tied up in inventories of raw materials and finished products.

There was too much uncertainty in the air. The people of the country had a right to know what the attitude and policy were to be in regard to future roll-backs and who would determine the policy and when. As a result, this amendment in the bill, section 2, was written.

I am for it. Some may feel that the dates fixed will allow some prices to become too high. Many feared that roll-backs, which could be invoked, would, unless limited, cause financial ruin, chaotic conditions, and loss of revenue to the Government. To all practical intents and purposes the amendment strikes a deadline.

If this bill passes, a businessman can operate in the future with some degree of certainty. Financial institutions can continue loans on inventories and stocks. And last but not least, I feel it will remove the charge of playing politics with roll-backs, and that will be a welcome relief to this country.

Mr. President, the amendment establishes a period beyond which roll-backs of prices cannot go. I now want to turn briefly to the farmers' and ranchers' side of the question. It might be well to point out that there are in this country approximately 6,000,000 farm units, the great majority of which own, grow, and are interested in livestock production of some kind.

Mr. DiSalle's first roll-back of 10 percent hit them squarely. Even under this amendment that situation will remain.

Let us not forget that. But two additional roll-backs of $4\frac{1}{2}$ percent each or 9 percent will be prohibited, and I think rightfully so.

Livestock men and their representatives, whether growers, feeders, or processors, complained that they were not consulted or advised concerning roll-backs of beef prices. In fact, many of them were advised there would be no roll-backs. This was not right. Congress sought to protect the people against arbitrary controls by providing for industry advisory committees, and I am sure that was meant to be more than merely a token gesture.

Farmers by the thousands and the leaders of the great farm organizations were not satisfied with the law or some of the proposed amendments to it. They told our committee so in no uncertain terms, and I do not think they were wrong.

Many of them and their leaders could not see the justice of roll-backs of beef prices when administration forces were looking the other way, away from roll-backs, across the board in the case of scores of other commodities which the farmers were and are forced to buy. No satisfactory answer has been given them on this point.

I have been somewhat surprised at the criticism and veiled insinuations directed at the farmers and ranchers as profiteers, chiselers, and Government-supported gougers, and the charges made against them, by indirection, of being responsible for the high cost of living. Some administration officials, as well as segments of the city press and radio, have indulged in this dangerous pastime and misrepresentation. I am sure we all recognize that this attitude and practice is not good and is not justified.

The farmers and ranchers and those engaged in agricultural pursuits have always done their part in meeting emergencies which this Nation has encountered. They have never walked off the job of producing even when it involved a loss at times. They have never struck against the constituted law of the land or against the Government. They have never threatened nor do they threaten now in this emergency to refuse to cooperate or to withdraw from the present picture that is before us. They seek fair play, a just and equitable consideration of their position in this squeeze play which they did not direct.

The farmers are smart enough to know that they do not set the price they receive or the price the city consumer pays for their products. They understand that the law of supply and demand fixes those things.

They also understand when they purchase hundreds of items from industry that they pay the prices fixed by someone other than the farmer, and they do not see much evidence of any roll-back on those prices.

The farmers have seen industrial profits and wages constantly rise in the postwar era, whereas 2 years before 1950 the average of farm prices declined 26 percent, and many farm prices have not yet caught up with either wages or prices of industrial goods. They have seen their net income go down steadily since

1947 from \$18,000,000,000 that year to \$14,000,000,000 in 1949 and to about \$13,000,000,000 in 1950. And, as many know, last year the 20 percent of the United States population that live on the farms received only 12 percent of the national income.

Herschel D. Newsom, master of the Grange, points out:

The fact is, as known by Government figures, that the average factory worker can buy more food now with the same percentage of his pay than he could at any time before World War II. What is overlooked is that, per capita, the consumer now is buying almost 15 percent more food than before World War II and he is adding to his grocery list more of the higher-quality meats.

It has been advocated that the successive roll-backs on beef are justified because it is 152 percent of parity. Parity is by its very nature a moving relationship which represents the fair exchange value of farm commodities at a given time for goods and services farmers must buy.

There has been considerable questioning of how this parity formula of 152 percent was arrived at as it relates to beef. The distinguished chairman of the Senate Banking and Currency Committee and other members have requested additional information from the Agriculture Department as to how this parity figure was arrived at and finally determined. As late as June 21 some members of the committee were receiving information from the Agriculture Department indicating that a new method of calculating parity prices had been arrived at resulting in a parity price for beef cattle about 34 percent higher than that calculated according to the method previously in effect. In all fairness, I feel we should have a clean, clear-cut determination as to how this parity figure was arrived at and what changes have been made. I have often wondered why the Agriculture Department and the Administrator under the present act have failed to take into consideration the determination in establishing a parity formula covering each grade of beef rather than relating it to an average figure for all grades together. This would seem to me to be a fair approach, and I may say quite frankly that if this were done some of the parity figures for the various grades would show that if all the roll-backs were allowed certain grades would be below parity, which would be illegal.

I happen to be one who believes that unless additional roll-backs are prohibited, as provided for in the bill, many injustices will be done to the cattle industry, resulting in heavy losses of money, because, to my way of thinking, testimony was produced for the record showing the costs and clearly demonstrating that these roll-backs would result in losses to the cattlemen.

The PRESIDING OFFICER (Mr. Long in the chair). The Senator's time has expired.

Mr. LANGER. Mr. President, I yield an additional 3 minutes to the Senator from Kansas.

Mr. SCHOEPPPEL. I especially commend the statement in the record of Glenn Pickett, secretary of the Live-

stock Association in the State of Kansas, a man who is practical, competent, and reliable and has an excellent grasp of the situation. What he says is convincing and shows the practical aspects and the results which will occur under these roll-backs.

Many witnesses who testified before the committee tried to tell us that the practices and regulations established in World War II, which were similar, even with the aid of subsidies did not work. We will all have to admit if we look back that that experience led to black markets, dwindling supplies, and empty meat markets; and, finally, a revolting public forced the end of OPA.

We are asked to go over the same ground again, blind as to what the effects were before. The result can only be the premature marketing of short-weight cattle, or cattle leaving the feeding pens and being turned back to grass in order to cut down losses. Information which I have received indicates that a large number of feeders in the Corn Belt are cutting down and turning their cattle back to pasture. The result will be that the slaughterers will receive, later on this year and early next, grass-fed instead of finished prime or good beef.

I cannot refrain from mentioning before I close that the expected results from the first roll-back have been disappointing to the public. The public did not get lower prices. In fact, practically every section of the country has reported that prices were raised at the meat markets. If one does not believe this, let him ask his butcher how he trimmed his meat before and how he can sell it under the present regulation. Meat packers throughout the country have experienced difficulty in meeting the regulations and have been unable to purchase cattle in compliance. Farmers and ranchers have experienced difficulty in sending cattle to market because of the reduced slaughtering quotas. Apparently, the theory of the agency has been to hold them back on the farm and let the farmer and stockman carry the additional expense during this period. We can readily understand why they are not happy with the results. I cite these things to show some of the difficulties and how confusing some of these regulations can be, all of which has added to the chaotic picture which we seek to clarify by this amendment.

I prefer to take my position on this measure and support section 2. I prefer to have a type of legislation which will prevent uncertainty and chaotic conditions and which, if properly administered, will eliminate confusion. This amendment is not limited to the cattleman alone. As I pointed out in the beginning, it covers every segment of our economy. It is in this spirit that I am working for and shall support this phase of the bill.

LEGISLATIVE EROSION OF THE ADMINISTRATIVE PROCEDURE ACT

Mr. MCCARRAN. Mr. President, I have on the desk an amendment. Although it may not come up for consideration, I ask unanimous consent that it be read by the clerk at this time, so that the Senators who do me the courtesy of

listening may know what I am talking about.

The PRESIDING OFFICER. Without objection, the amendment will be read.

The CHIEF CLERK. On page 15, following line 18, it is proposed to insert the following new section:

SEC. 6. (a) Clause (4) of section 2 (a) of the Administrative Procedure Act is amended to read as follows:

"(4) the functions conferred by the following statutes: the Universal Military Training and Service Act; the Contract Settlement Act of 1944; and the Surplus Property Act of 1944."

(b) All laws or parts of laws enacted prior to the date of enactment of this section which grant exemption from the provisions of the Administrative Procedure Act are repealed, and the following parts of laws are specifically repealed:

(1) Section 302 of the First Supplemental Appropriation Act, 1947 (60 Stat. 918);

(2) Section 601 of the Social Security Act Amendments of 1946 (60 Stat. 993);

(3) Section 6 (a) of the Sugar Control Extension Act of 1947 (61 Stat. 37);

(4) Section 210 of the Housing and Rent Act of 1947 (61 Stat. 201);

(5) Section 301 of the Housing and Rent Act of 1948 (62 Stat. 99);

(6) Section 5 of the Second Decontrol Act of 1947 (61 Stat. 323);

(7) Section 7 of the Export Control Act of 1949 (Public Law 11, 81st Cong.);

(8) Section 3 (i) of the International Wheat Agreement Act of 1949 (Public Law 421, 81st Cong.);

(9) The first sentence of section 709 of the Defense Production Act of 1950 (Public Law 774, 81st Cong.);

(10) The paragraph headed "General Provisions—Department of Justice" in chapter III of the Supplemental Appropriation Act, 1951 (Public Law 843, 81st Cong.); and

(11) Section 305 of the Federal Civil Defense Act of 1950 (Public Law 920, 81st Cong.).

(c) Nothing contained in this section shall be construed to invalidate, or to require any change in, any proceedings conducted by or before any agency of the Government which were commenced prior to the effective date of this section, or to invalidate any action of any such agency taken prior to such date or any action taken after such date in connection with any such proceedings.

(d) This section shall become effective on the 30th day following the date of its enactment.

Mr. McCARRAN. Mr. President, for some time I have been concerned with the growing trend toward legislative erosion of the Administrative Procedure Act. It seems to me the time has come to make an effort to halt this trend, and reverse it; and I propose to make that effort now.

The Administrative Procedure Act became, upon its enactment, what an eminent member of the bar has described as "a bulwark against unfairness in the procedure of Federal agencies." But that bulwark is being weakened every time Congress assents to another exemption from the act.

Mr. President, the Administrative Procedure Act is a bill of rights for many hundreds of thousands of Americans whose affairs are controlled or regulated in one way or another by agencies of the Federal Government. I have said before that I do not believe a more important piece of legislation has been or will be presented to the Congress of the

United States, because the Administrative Procedure Act deals with rights and remedies which touch intimately the most lowly as well as the most elevated and lofty citizen in the land. This law touches at some point virtually every phase and form of human activity. As the Senator from North Carolina [Mr. SMITH] so ably stated it, at a time when he was president of the American Bar Association:

For our day the Administrative Procedure Act is in many ways as important as the Judiciary Act of 1789 was in the founding of our Federal Government.

Let me say, at the risk of repeating myself, that the Administrative Procedure Act is a fundamental enactment. The early years of its administration are, therefore, extremely important years. They are the years in which necessarily occur the pulling and hauling which will in part determine the future of the act.

In the larger sense, this act has not yet had time to make its full impact felt. It has done much good, but the greatest good it may do is still to come. It is extremely unfortunate that the Congress, even before this act has been fully effectuated, should be a party to narrowing its scope, and chipping away at its foundations, by granting exemption after exemption.

I have pointed out at other times and in other places how, in many respects, the Administrative Procedure Act has been evaded and avoided by one agency or another. The time is coming when the Congress will have to deal with that phase of the matter. For the present, however, the phase to be dealt with concerns the action of the Congress itself in permitting a series of exemptions which have been whittling away at one of the important attributes of the act, namely, the greatest possible uniformity throughout the executive branch of the Federal Government. My amendment asks the Congress to reverse that trend, to wipe out the exemptions recently granted, and, in effect, to serve notice upon the future that any exemption to this act will have to be clearly justified, on the basis of most careful consideration, before the Congress will approve it.

Technically speaking, the purpose of my amendment is to repeal all laws or parts of laws granting exemption from the provisions of the Administrative Procedure Act, except in the case of such functions as were granted specific exemptions in the original act. In other words, this amendment is intended to wipe out all the exemptions which have been granted since the Administrative Procedure Act became law.

Mr. President, since the date of approval of the Administrative Procedure Act, three laws have been specifically added to the list of exemptions in section 2 (a) of the act, and seven other laws have been exempted from the act in whole or in part.

The first of the exemptions specifically added is the Veterans' Emergency Housing Act of 1946, which was added to the list of exemptions by section 302 of the First Supplemental Appropriations Act, 1947 (60 Stat. 918), and also by section

601 of the Social Security Act amendments of 1946 (60 Stat. 993).

The second exemption specifically added was the Sugar Control Extension Act of 1947, added by section 6 of that act (61 Stat. 37).

The third exemption specifically added was the Housing and Rent Act of 1947, added by section 210 of that act (61 Stat. 201) and section 301 of the Housing and Rent Act of 1948 (62 Stat. 99).

First on the list of the other laws exempted in whole or in part from the Administrative Procedure Act are title III of the Second War Powers Act of 1942, and section 6 of the act of July 2, 1940 (relating to export controls), both of which were exempted by section 5 of the Second Decontrol Act of 1947 (61 Stat. 323).

The next exemption was the Selective Service Act of 1948 (exempted by section 13 (b) of that act). Senators will note that this exemption is being retained under my amendment, being considered within the spirit and intent of the provisions of the original act, which exempted the selective-service system.

The third exemption was the Export Control Act of 1949, exempted by section 7 of that act.

The fourth exemption was the International Wheat Agreement Act of 1949, exempted by section 3 (i) of that act.

The next exemption was the Defense Production Act of 1950, exempted by section 709 of that act.

The next exemption was the Federal Civil Defense Act of 1950, exempted by section 305 of that act.

The next exemption embraced proceedings for exclusion or expulsion of aliens. This exemption was from sections 5, 7, and 8 of the Administrative Procedure Act only. This exemption was granted by the paragraph headed "General Provisions—Department of Justice" in chapter III of the Supplemental Appropriation Act of 1951.

These exemptions, which have come along since the Administrative Procedure Act became law, have not been considered or approved by the Judiciary Committees of the Congress, which handled the Administrative Procedure Act itself. These exemptions have been, rather, slipped into or tacked onto bills which have been handled by other committees. I do not mean to criticize in any way any of the committees of either House of the Congress, because these exemption proposals and provisions which have been grafted into or onto one bill or another, in many cases have not been brought to the specific attention of the committees handling such bills, have not been the subject of hearings, and, in the broadest sense, have not been actually considered by those committees. These exemption provisions have been presented, time after time, largely as matters of technical draftsmanship; no hearings have been held on them; and they have found their way into law without, in some cases, even a word of discussion on the floor of either House of Congress.

In the case of the exemption of the Civil Defense Act of 1950, Senators will recall I raised the question with respect

to that exemption, and that the Senate voted to delete the exemption provision from the bill. It was restored in conference, so that the Senate had no further opportunity to vote on the exemption separately.

In connection with at least one of the exemptions which has been granted, namely, the exemption of the proceedings for exclusion or expulsion of aliens from sections 5, 7, and 8 of the act—the plea has been made that the exemption was justified on the basis of economy. As a matter of fact, it appears to have been this economy argument solely which led to that particular exemption.

Leaving aside the question of just how much economy, if any, is actually involved, and in order to avoid dodging an issue, let me say that in my own opinion the actual cost involved in complying with the Administrative Procedure Act provisions was greatly overstated by the Immigration and Naturalization Service representatives in the plea made to the House Appropriations Committee, which resulted in this exemption. However, that may be, let me paraphrase the Supreme Court, in its decision in the case of *Wong Yang Sung against McGrath*, and say that Congress has already decided that achieving fairness and justice in administrative proceedings is worth whatever it may cost.

The Administrative Procedure Act originally exempted the Selective Service System, and on that basis my proposed amendment would exempt the functions conferred by the Universal Military Training and Service Act. This was an initial decision made by the Congress on the basis of complete information and careful consideration of the matter. In that respect, this exemption, like the other specific exemptions made in the original act, is different from some of the exemptions more recently granted, which were slipped into general bills, and which passed the Congress without debate.

The specific exemptions granted in the Administrative Procedure Act itself at the time when the act was approved, concerned the functions conferred by the Selective Training and Service Act of 1940, the Contract Settlement Act of 1944, and the Surplus Property Act of 1944. The Administrative Procedure Act also contained a clause exempting from its provisions certain temporary agencies which had been set up to deal with the war emergency.

It is important to remember that the purpose in exempting these emergency functions from the Administrative Procedure Act was not to set a pattern of exempting all such functions or all similar functions, but was only to avoid upsetting existing organizations which were nearing termination, which therefore were themselves of limited duration, by requiring the establishment of new procedures in such organizations.

Nevertheless, in connection with various exemptions which have been sought and secured, the argument has been used that such exemptions were following a pattern set by the Administrative Procedure Act itself. This argument is fallacious, and its results have been most regrettable.

It is easy to say that in time of great emergency, it is proper that the rights of the individual be subjugated to the good of the majority; but I submit that any proposal which involves subjugating the rights of individuals to the welfare of the central state should be most carefully examined.

Whenever the Congress is dealing with a statute which creates new functions, there should be a clear showing of some valid reason why the function so newly created should not be exercised in compliance with the applicable provisions of the Administrative Procedure Act, before the Congress approves an exemption from that act.

If Congress is going to make a practice of exempting new agencies and new functions from the Administrative Procedure Act every time it passes a bill, then Congress might just as well repeal the Administrative Procedure Act in its entirety, for every such exemption granted by act of Congress is another prop knocked out from under the Administrative Procedure Act.

Before we vote upon the question of exempting these agencies from the Administrative Procedure Act or making them subject to that act, it might be well to spend a little time considering some of the important guaranties which the Administrative Procedure Act gave to every citizen who must have dealings with some administrative officer or agency of the Federal Government—and we should bear in mind, Mr. President, that means virtually every citizen in the land, for today the administrative functions of the Federal Government touch us all, high and low.

One of the most important guaranties in the Administrative Procedure Act is the right of any person compelled to appear in person before an agency or representative thereof, to be accompanied, represented, and advised by counsel.

Another important guaranty contained in the Administrative Procedure Act is the right of every person who is compelled to submit data or evidence to an administrative agency to be entitled to retain, or, on payment of lawfully prescribed costs, to procure a copy or transcript of his testimony.

Another important guaranty of the Administrative Procedure Act is the right of a person suffering legal wrong, because of an agency action, to have judicial review of that action.

Surely, there is nothing about the prospective emergency operations of these so-called emergency agencies, even in connection with the civilian defense program, which requires the blanket suspension or abolition of these rights.

The Administrative Procedure Act provides that "No sanction shall be imposed or substantive rule or order be issued except within jurisdiction delegated to the agency and as authorized by law." Do we want to free these administrative agencies from that requirement?

For about 5 years now the Administrative Procedure Act has stood as a sentry, if you please, between the bureau and the bureaucrat on the one hand, and the individual on the other. I am asking the Senate not to dismiss that sentry from

the whole field of so-called emergency controls and emergency powers.

One of the factors which helped to produce the climate in which the Administrative Procedure Act could be enacted was the wave of protest from all over the country against various arbitrary, capricious, and oppressive actions by Federal agencies. A substantial part of this criticism was directed at the so-called control agencies, like the Office of Price Administration. The Administrative Procedure Act was looked to as a cure for the future of all such abuses. The then-existing temporary agencies were exempted in the act because at the time when the act was passed those agencies were about to wind up their business, and it would have been wasteful of time and money to require them to change their procedures at that late date. But it was clearly contemplated that if similar agencies should be set up in the future, they should be subject to the provisions of the Administrative Procedure Act. Yet, Mr. President, what happened? When we passed the Defense Production Act of 1950, which set up the machinery for reestablishing all these controls, we approved another exemption from the Administrative Procedure Act.

Let us examine this situation a little more closely, Mr. President. Here is an act which sets up an agency under which price controls and wage controls and production controls are to be administered. Do we want to open the door to all manner of possible abuses of administrative discretion and all manner of possible arbitrary and even oppressive tactics and practices, by providing that the existing bill of rights for private litigants shall not apply to this new agency?

Here we are attempting to set up rules in connection with the extension of this agency and to define its powers; and yet, unless we make this agency subject to the Administrative Procedure Act, it will be in a position to take arbitrary action over which there will be no adequate review; to establish procedures which will be binding upon the public, but under administrative orders about which the public may have extreme difficulty in getting any information.

As I pointed out in connection with debate on the Civil Defense Act, section 305 of that act contains a specific exemption from the Administrative Procedure Act. There is no provision in the Civil Defense Act for court review of any action of the agency. In the absence of any provision for such review in some other statute there appears to be no way, other than by habeas corpus or some other extraordinary writ of general application, in which the validity or propriety of any action by the Civilian Defense Agency can be called into account in any court in the land. This is a truly deplorable situation, a situation not to be tolerated.

Congress has here created a new agency and vested it with broad powers, necessarily on the assumption that such powers will be used only as needed in the national interest and only in a proper manner, never arbitrarily or unreasonably. Why should Congress then say to the new agency in effect, "There is to be no person, no entity, which can chal-

lenge, in any legal way, the validity or propriety of anything you do?"

In the Defense Production Act there are specific provisions for administrative and judicial review. Let no Senator be concerned for fear conflict or confusion with these provisions will be caused by removing the exemption from the Administrative Procedure Act. That cannot happen. The specific provisions written into the Defense Production Act will continue in full force and effect, and the Administrative Procedure Act will have applicability only in those areas where there is no direct conflict with such specific provisions.

There are many instances in which Congress has written specific review provisions into statute, yet where the Administrative Procedure Act applies, and it is salutary that this should be so, for the Administrative Procedure Act was designed to close up all loopholes, to stop all chinks, through which the rights of the individual might trickle or be siphoned away.

The important point to remember is that the Administrative Procedure Act is not a strait-jacket. It is sufficiently flexible to permit an emergency operation.

If it be argued that in an emergency there would not be time to give advance notice and permit hearings upon proposed rules and regulations, it need only be noted that in section 4 (a) of the Administrative Procedure Act, concerned with rule-making, it is provided that the requirements of the section shall not apply "in any situation in which the agency for good cause finds that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest." And in section 4 (c), concerning effective dates of new agency rules, the Administrative Procedure Act provides:

"The required publication or service of any substantive rule * * * shall be made not less than 30 days prior to the effective date thereof except as otherwise provided by the agency upon good cause found and published with the rule.

It is clear, therefore, that under the Administrative Procedure Act, hearings are not mandatory in connection with emergency rule-making, and the prescribed period of notice before new rules become effective may be shortened or eliminated as the exigencies of a situation may require. Furthermore, the procedural section of the Act with respect to adjudication provides:

The agency shall afford all interested parties opportunity for (1) the submission and consideration of facts, arguments, offers of settlement, or proposals of adjustment where time, the nature of the proceeding, and the public interest permit.

In the section of the act dealing with appearance, it is provided:

So far as the orderly conduct of public business permits, any interested person may appear before any agency or its responsible officers or employees for the presentation, adjustment, or determination of any issue, request, or controversy in any proceedings (interlocutory, summary, or otherwise) or in connection with any agency function.

It is perfectly clear, in the light of the provisions of the act which I have quoted, that an agency of the Govern-

ment can operate under the administrative Procedure Act even in an emergency. The point to remember is that under the act as it now stands, the agency must declare that there is an emergency, must show some justification for acting otherwise than in accordance with the act, in order to make such action valid and legal; whereas, on the other hand, if a blanket exemption is granted by the Congress, the agency may do as it pleases under the guise of "emergency action", without regard to whether there is an actual emergency, and without regard to what the emergency may actually require in the way of departure from the Administrative Procedure Act standards.

Because it expresses a very cogent thought, I want to repeat one paragraph from a speech delivered before the Southwestern Regional Convention of the American Bar Association, at Dallas, Texas, in April, by Mr. Charles S. Rhyne, of the District of Columbia Bar. Mr. Rhyne said:

Five years of experience under the Administrative Procedure Act demonstrates that the bar cannot rest on its oars and assume that with the adoption of that act everything needed to curb arbitrary, capricious and oppressive action by Federal administrative agencies was accomplished. Scuttling of the benefits of the Act insofar as emergency agencies are concerned, at the very time when those agencies have or are getting ready to expand their control so as to affect directly or indirectly nearly every person in the Nation is already an accomplished fact. * * * This experience demonstrates the necessity for constant vigilance * * * to prevent congressional nullification of the act.

I am pleading today, Mr. President, against progressive congressional nullification of the Administrative Procedure Act. I am pleading for affirmative action by the Senate to reaffirm the intent of the Congress that all our citizens who must deal with one or another of the multiplicity of agencies of the Federal Government shall be assured of a basic minimum of fair dealing, administrative justice, and procedural protection. I am pleading for the principle that no agency of the Government shall have the right to force a citizen to be bound by proceedings to which he cannot become a party, and of which he may not even have notice. I am pleading for the principle that no American dealing with his Government shall be forced to have recourse to procedures which have not been fairly and openly established. I am pleading for the right of every man who has suffered legal wrong as a result of the action of some administrative agency of the Government to have judicial review of that action to determine whether it was justified under law, as a proper exercise of administrative discretion, if discretion is involved, and was not arbitrary or capricious, on the basis of the reasonable, probative and substantial evidence in the case. I am pleading for the preservation, and reaffirmance, of the charter of basic rights for administrative litigants which Congress granted with open hands just 5 years ago, in one of the most historic steps in the improvement of justice since the granting of the Magna Carta; but

which Congress has been withdrawing, bit by bit, ever since it was granted.

I am pleading, Mr. President, for a square deal for every man when he deals with our Government, even though it may cost more money to give him a square deal than to cheat him, or deal arbitrarily with him, or otherwise impose upon him.

I believe, Mr. President, that a majority of my colleagues feel, as I do, that the Administrative Procedure Act was good legislation and is good law, and that it should stay on the statute books and be protected against its enemies, whatever their motives.

So that every Member of the Senate may have the opportunity to speak for himself on the matter of high principle involved in this amendment, I shall, at the proper time, ask for the yeas and nays when the amendment is presented.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield.

Mr. BRICKER. I should like to say, frankly, that I appreciate the constructive contribution of the Senator from Nevada to the thinking of the jurisprudence involved in this issue. When the bill was originally before our committee, the Senator from Ohio insisted upon the right of every citizen, with reference to rules and regulations of a substantive character which affected his rights, to have a review of any arbitrary or capricious action on the part of any agencies involved in the act. We did, as the Senator remarked in his speech, create the Emergency Court of Appeals, but, as I understand, it would not be affected by the amendment of the Senator from Nevada. Is that correct?

Mr. McCARRAN. That is correct. However, the machinery established under the Administrative Procedure Act is so set up and has been so tried out that it would have been much better if it had been placed in the act.

Mr. BRICKER. I agree entirely with the Senator. I think the rule ought to be general that the Administrative Procedure Act should apply to all boards, both temporary and permanent. It is perhaps more important to have it apply to temporary boards, because they are inclined to be more inconsiderate of the rights of the individual. It is as important in an emergency to protect the rights of citizens as it is in normal times; possibly more so. I agree entirely. But I should like to know the application which the amendment has to this specific bill. In the rent-control section it is provided that one must receive the consent of the expeditor before he can even go into court.

Mr. McCARRAN. That is correct.

Mr. BRICKER. He is not only not permitted to go into court, but he is absolutely prevented from going into court except with the approval of one of these bureaucratic administrators. So I want to commend the Senator from Nevada, and tell him that I agree entirely with his philosophy. Instead of weakening the Administrative Procedure Act, I think the Senate should be intent upon strengthening it and applying it across the board.

Mr. McCARRAN. I am very grateful to the Senator from Ohio for his kind expression.

Mr. WELKER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WELKER. How much time remains under the controly of the minority leader?

The PRESIDING OFFICER. Twenty-eight minutes' time remains.

Mr. MAYBANK. Mr. President, how much time do I have?

The PRESIDING OFFICER. The Senator from South Carolina has 27 minutes.

Mr. MAYBANK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MAYBANK. Is the amendment which the Senator from Nevada discussed now before the Senate?

The PRESIDING OFFICER. No, it is not.

Mr. MAYBANK. What will be the status of that amendment when it is called up?

The PRESIDING OFFICER. It will have to be submitted from the floor, and then there will be 15 minutes on a side for discussion.

Mr. MAYBANK. I understood that the distinguished Senator from Utah [Mr. BENNETT] was to follow the Senator from Nevada [Mr. McCARRAN]. I ask unanimous consent that a statement which I have prepared in reference to the amendment of the Senator from Nevada may follow the statement of the Senator from Nevada, so that Senators may read the statements together, if the Senator from Utah will be generous enough to permit his remarks to come after my statement.

Mr. BENNETT. That is agreeable to me.

Mr. WELKER. Mr. President, will the Senator from South Carolina yield?

Mr. MAYBANK. I yield.

Mr. WELKER. Will the distinguished chairman of the Banking and Currency Committee help me out of a dilemma? I understand the junior Senator from Utah wants 45 minutes. He is a former member of the committee. The Senator from Nebraska [Mr. WHERRY] has only 28 minutes remaining.

Mr. MAYBANK. Mr. President, how much time do I have left?

The PRESIDING OFFICER. The Senator has 27 minutes remaining.

Mr. MAYBANK. I shall be glad to yield 17 minutes to the distinguished former member of the committee.

Mr. BENNETT. I thank the Senator from South Carolina.

Mr. MAYBANK. Does the Senator desire to proceed at this time, or would he permit me to make my statement first?

Mr. BENNETT. I am agreeable to the Senator proceeding at this time.

Mr. MAYBANK. I should like to read the statement into the Record in connection with the amendment of the Senator from Nevada. Whatever time is left, so far as I am concerned, the Senator is welcome to.

Mr. BENNETT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BENNETT. Am I to understand that I am assured the amount of time which was arranged for when the unanimous-consent agreement was entered into, namely, 45 minutes?

Mr. MAYBANK. The Senator is welcome to any time I have remaining after I read this statement. I did not know what the distinguished minority leader may have arranged for. I was not advised about that, so it is no responsibility of mine. I am glad to yield to the Senator what time I have left.

Mr. BENNETT. I thank the Senator from South Carolina.

Mr. WELKER. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. WELKER. Mr. President, may I advise the Senator from Utah that by the gracious act of the senior Senator from South Carolina, if he takes 10 minutes to read the instrument he has in his hand, it will leave us 17 minutes, and will permit the Senator from Utah to have his 45 minutes.

Mr. MAYBANK. Mr. President, I regret that I must object to the amendment of the Senator from Nevada [Mr. McCARRAN]. In my judgment this amendment would cripple all the agencies operating under the Defense Production Act. I also question the desirability of an amendment to the Defense Production Act which would at one stroke, and in the course of debate tightly limited due to the pressure of time, completely revise the operations and procedures under a number of basic statutes, such as the Social Security Act, the Sugar Control Extension Act, the Export Control Act, the International Wheat Agreement Act, the immigration laws, and the Civil Defense Act.

Consideration was given to these separate provisions when these various exemptions were granted. For example, in reporting out the Export Control Act of 1949, in Senate Report 31, Eighty-first Congress, first session, the Banking and Currency Committee made the following statement:

There is continued a limited exemption from the Administrative Procedure Act. By section 7 provision is made that section 3 alone (the public-information requirement) of the Administrative Procedure Act shall be applicable to the export-control program in view of the temporary character of this legislation and its intimate relation to foreign policy and national security. This is in accord with the policy expressed in section 2 of the Administrative Procedure Act itself. Other temporary regulatory activities authorized since that act have been granted comparable exemptions. Examples of such are contained in the Sugar Control Extension Act (50 U. S. C. App. 981-985); Housing and Rent Act of 1947 (50 U. S. C. App. 1881-1884, 1891-1902); Veterans' Emergency Housing Program (50 U. S. C. 1821-1833); War Housing Insurance Act (12 U. S. C. 1738, 1739, 1743, 1744). The essential safeguards of consultation with the trade in promulgating regulations, and of an opportunity to be heard on appeal from hardship, are obtained through the aforementioned provisions of the bill (4b) and existing agency procedures for review and appeals from licensing and compliance actions.

We have not had time nor would it be the responsibility of the Banking and Currency Committee to consult the various agencies which would be affected by this sweeping amendment.

Speaking of the Defense Production Act, I wish to point out that this exemption from the Administrative Procedure Act was specifically discussed on page 11 of the Report on Senate Bill 3936, and the exemption was recommended on the ground that the bill was emergency legislation. No objection was taken, so far as I can recall, to the provision on the floor of the Senate. I remember that the Senator from Ohio [Mr. BRICKER] engaged in some discussion regarding it on the floor, as he stated. No objection to this exemption was raised in the extended hearings before the committee.

In my judgment, this amendment would seriously hamper, if not completely wreck, the operations of the agencies under the Act. As I understand it, the provision would require not only reasonable advance notice, before making any order or regulation, but 30 days additional delay before it could take effect. I think the agencies should have consulted industry more fully before they acted, in many cases. But my regret that they have not fully carried out our wishes does not blind me to the plain fact that the extended delay for every allocation and price order would wreck the allocation and price programs.

The Supreme Court in the case of *Bowles v. Willingham* (321 U. S. Rept.) upheld the rent-control provisions of the Emergency Price Control Act, and specifically sustained the issuance of rent-control orders without preliminary hearings. The court said:

To require hearings for thousands of landlords before any rent-control order could be made effective might have defeated the program of rent control.

If this is true in the case of rent-control orders, it is much more true in the case of allocation orders. To give 30 days' notice of many allocation orders, such as those applying to steel, cotton, aluminum, and other defense items would completely defeat their purpose. All the materials might be gone by the time the order became effective. The Commerce Department was able to prohibit American ships from going to China within 24 hours from the time the decision was made. To have given 30 days' notice of this order would have encouraged a tremendous boom in shipments to China.

In normal times full-dress public hearings, after reasonable notice, plus a 30-day delay, are required under the Administrative Procedure Act and are advisable as a matter of good administration.

But these are not normal days. In these pressing times we must use the best practical methods. Instead of full-dress hearings, we rely on consultation with industry committees, and a program for such consultation has been carefully worked out and embodied in the Act.

When the Administrative Procedure Act was enacted, in June 1946, after very careful hearings by the Senate Judiciary Committee under the able guidance of the Senator from Nevada, with whose

amendment I have no quarrel whatsoever, except to say that I believe it has no place on this bill, careful consideration was given to military and wartime functions. Section 4 (b) excepted military and foreign affairs functions from the 30-day-notice requirement. In addition, the allocations power under the Second War Powers Act and the price and rent control authority under the Emergency Price Control Act were excepted.

The reasons given for these exceptions were clearly stated in the masterly report of the Senate Judiciary Committee. The Committee points out the necessity of affording necessary freedom of action for these functions. The Committee pointed out that these functions are not accompanied by statutory requirements for hearing, and are therefore different from most of the functions governed by the Administrative Procedure Act.

In my judgment these principles apply in full force to the powers under the Defense Production Act. I do not like to differ with my distinguished friend, the Senator from Nevada, but I must oppose his amendment. I urge that the amendment be rejected.

Mr. MAGNUSON. Mr. President, will the Senator from South Carolina yield a moment to me?

Mr. MAYBANK. I yield.

Mr. MAGNUSON. Mr. President, inasmuch as the time is limited on the pending measure, and I do not wish to take up the time of the Senate unnecessarily, I ask unanimous consent to have placed in the body of the RECORD at this point a statement which I have prepared with reference to the pending bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MAGNUSON

Mr. President, much has already been said by Members of the Senate, and great consuming groups of the public, concerning the glaring defects in the bill now before us. At the risk of being repetitious, I feel compelled to express my anxiety at the seeds of disaster this legislation contains.

I select as my text a statement contained in the report to the President from the National Advisory Board on Mobilization Policy, released on June 23. This advisory board is made up of eminent citizens of this country, selected because of their insight into national economic problems. Together they represent a cross section of our national economic life.

The National Advisory Board on Mobilization Policy said:

"Viewed in their entirety, the programs thus far undertaken to control inflation have produced substantial results. But the greater inflationary pressures which are in prospect cannot be contained with weaker measures. Stronger and more effective measures are needed."

Here are some of the facts which underscore the truth of this statement:

During the next 2 years an estimated 24,000,000 tons of steel will be required for straight military purposes. Less than 1,000,000 tons were used for these purposes in 1950. As the committee states in its report on this bill, this is enough steel to produce more than twice as many new automobiles as were manufactured in 1950 and almost as much steel as was required to produce all passenger automobiles in the 5-year period 1936 through 1940.

Unemployment in May stood at 1,600,000, or less than any month since 1945. That is getting pretty close to the practical peacetime minimum.

In 1950 we were letting contracts for defense purposes at a little less than \$1,000,000 a month. At the present time we are placing defense contracts at the rate of \$1,000,000,000 a week.

Last year the Congress authorized about 50 flood-control, reclamation, navigation, and power projects in the great Columbia Basin of the Pacific Northwest. The estimated construction cost of this vast resource development—including such giant dams as Libby, Priest Rapids, The Dalles, Albeni Falls, with transmission facilities—is about two and one-half billion dollars.

During every 3-week period, therefore, we are spending more on the "hardware of war" than it would cost to complete the so-called initial phase of the comprehensive plan for the Columbia Basin development.

The magnitude of this effort is difficult for the human mind to grasp. We have become so accustomed to dealing in billions. The impact of the effort on our economy can hardly be overestimated.

We will be diverting over 20 percent of our entire productive capacity to defense purposes. Inevitably this will produce drastic shortages of things people want to buy. The national income by the first quarter of 1952 will reach an annual rate of \$37,500,000,000 higher than the rate achieved in the first quarter in 1951. Where will this income go?

Unless the Congress of the United States is willing to face facts and take action adequate to the situation, that additional income—plus much of the savings the American people now possess—will be sopped up by higher prices.

Already rising prices, stimulated by the economic forces I have just cited, have saddled the American people with over \$7,000,000,000 of additional defense costs. The committee's own report cites some shocking examples of what inflation means:

Combat boots that cost \$5.72 a pair when the fighting started in Korea now cost \$11.36—a 99-percent increase.

Winter undershirts that cost \$2.74 a year ago are now costing \$4.97—an 82-percent increase.

This is what inflation means to the military—this is what inflation means to the working man, to the housewife, to the American people.

Already rising prices have taken an additional \$20,000,000,000 out of the pockets of American consumers. The 8½-percent increase in the cost of living since Korea means that the man earning \$3,000 a year has taken a cut in his take-home pay of over \$200. It means he is denied a new suit of clothes, a dress for his wife, shoes for the kids, and more palatable food on the table.

When the Defense Production Act was before us last fall, I advocated on the Senate floor, and to the executive branch, that prices and wages be frozen across the board at pre-Korea levels. Obviously such action is impossible at this time because your corner grocery man, your druggist, and your service-station operator have on hand stocks they have had to purchase at ever-increasing prices. Goods now in trade channels, on their way from producer to consumer, were purchased at prices higher than those prevailing when we went into Korea. We cannot, without putting thousands of people out of business, roll prices back to "year-ago levels." But we can and we must break the price-wage spiral at this point, if we are to avoid disaster. We can and we must roll back those prices which have poked their heads far above the level that generally prevails.

Charles Wilson, Eric Johnston, and Mike DiSalle cannot do the job unless Congress is

willing to give them the tools. The bill reported by the committee is weaker than the present act. The so-called anti-roll-back provision is particularly objectionable.

There is no provision for subsidies in the bill. Subsidies, properly applied, can break the price spiral and save consumers of this country many times the cost of the subsidy—at the same time protecting the private enterpriser who is caught in a squeeze between the price he paid and the ceiling under which he must sell.

The committee has recommended an 8-month extension of the price-and-wage-stabilization section, the labor-dispute section, and the consumer-and-retail-credit section of the present act. As a very minimum, the authority, these vital sections of the act represent, should be extended for a full year.

The committee talks about the disastrous effects uncertainty has on production. Nothing we can do will produce more uncertainty in the business community than a mere 8-month extension. Every businessman will tailor his operations to the possibility that controls may expire in February 1952.

According to the committee's own statement, 6 weeks of continuous study were devoted to the bill we are now considering. Congressional wheels grind slowly. I predict that unless the titles I have just mentioned are extended for a full year, we will be confronted in February 1952 with the necessity of taking the same hasty action we are taking today. Furthermore, top-flight men will be even more reluctant to leave their normal pursuits to render public service in vital agencies of the Government—agencies which have a hectic and uncertain life expectancy of only 8 months.

Mr. President, the times in which we are living are putting democracy—our way of life—to the supreme test. The question is whether we, as free men, will voluntarily place upon ourselves the restraints demanded by the times, or whether the times will drive us into a dictatorship of either the left or the right.

There is much talk on the floor of the Senate about "protecting free enterprise." Free enterprise means enterprise engaged in by men who are free to choose the type of activity in which they will invest their talents and their efforts. The democratic way of life means a lot of little things, as well as big things, that we come to take for granted in our daily living—the right to patronize the grocer of our choosing—the right to go to a Protestant or a Catholic Church, if we desire—the right to become a doctor, or a lawyer, or a businessman, or a mechanic, if our talents lead in that direction.

In times of crisis, freemen do voluntarily that which must be done—without being driven by the lash of a dictator.

The committee has stated the case well in its report. It says:

"Your committee unanimously believes that world conditions are such, and the danger of new and bolder Communist aggression so real and menacing, that renewal of this legislation is absolutely vital to the safety of this Nation and to the survival of freedom in all parts of the world where it now exists. To allow this legislation to lapse and the programs under it to end would, in the opinion of your committee, reflect a total blindness by the Congress to the world-wide imperialist designs of communism so strikingly and shamelessly revealed in naked candor in the devastation of the Republic of Korea."

I urge the Senate to adopt the amendments which will be presented here to strengthen this bill.

I return now to the text with which I started:

"Viewed in their entirety, the programs thus far undertaken to control inflation

have produced substantial results, but the greater inflationary pressures which are in prospect cannot be contained with weaker measures. Stronger and even more effective measures are needed."

Mr. MAYBANK. Mr. President, I yield the remainder of my time to the Senator from Utah [Mr. BENNETT].

Mr. WELKER. Mr. President, on behalf of the Senator from Nebraska [Mr. WHERRY] I yield 28 minutes to the distinguished Senator from Utah [Mr. BENNETT].

Mr. BENNETT. Mr. President, before I begin, I should like to make sure that I have at least 45 minutes.

The PRESIDING OFFICER (Mr. UNDERWOOD in the chair). The Senator from South Carolina [Mr. MAYBANK] has 26 minutes remaining under his control and the Senator from Idaho [Mr. WELKER], acting for the Senator from Nebraska [Mr. WHERRY], has 28 minutes, which makes a total of 49 minutes.

Mr. BENNETT. I thank the Presiding Officer.

Yesterday the junior Senator from Illinois [Mr. DIRKSEN], in his able presentation expressed so many of the points of view on the pending legislation which I also hold, and did it so ably, that if this were not my maiden speech before this body I should have been satisfied simply to say "Amen" to him and assure him that he does not stand alone. My presentation will be different from his, however, and this difference is my justification for taking the time of the Senate today. Since I am operating on a limited time allowance under the unanimous-consent agreement, I hope my colleagues will permit me to finish without interruption for questions.

Mr. President, this week we are preparing to pass a bill which will continue to impose a totalitarian pattern of control on our American economy for at least another 8 months, and perhaps if the cold war continues, for that many years. There is no clear, powerful, public demand for this pattern—in fact, the public is so apathetic that the President has personally undertaken to stir the people up, largely without success, and the Democratic National Committee has rushed to his support with a barrage of letters and bulletins to the Party faithful. In the congressional committee hearings, outside of administration spokesmen, only 20 witnesses appeared recommending the controls requested by the President, while 104 appeared in opposition to some specific controls or controls in general. Those who appeared in opposition were not limited to witnesses from business and industry, representing such organizations as the National Association of Manufacturers, which the President delights to castigate. Others represented American agriculture, including leaders of the Farm Bureau and the Grange, the value of whose political support the President's party would do well to consider. In my own State, the Farm Bureau has embarked on a statewide campaign against the bill. Moreover, the bill is not without opponents in organized labor; so in terms of the weight of public opinion, as represented by the

hearings, and as expressed to me personally through my mail, I would say that the opponents of the bill are in the majority and its supporters lack enthusiasm. This encourages me to believe that we should take another careful look at the long-range problem involved, and at the implications of any bill for direct consumer controls, before we rush to pass this bill just to meet a deadline.

THE PURPOSE OF THE BILL

The first and fundamental question we face goes to the purpose of the bill. Why do we need a bill like this and is the program it sets up adequate to achieve that purpose?

There should be no question about the purpose of the bill. I have yet to hear anyone claim that the pattern of controls this bill imposes is desirable as an end in itself, as a permanent change in our American way of life. Even the bill's loudest supporters disavow the philosophy of controls and, therefore, admit that at best such a program is a necessary evil. The American people are deeply concerned about the dangers of inflation and they want legislation that will stop it. So its supporters offer it to us as a sure cure for the evil of inflation. Its only purpose then can be to cure inflation. No other purpose is defensible.

THE BILL WILL NOT CURE INFLATION

Will this bill cure inflation? I have yet to hear anybody claim that, by itself, it will. C. E. Wilson, Director of the Office of Mobilization, said:

Direct price controls treat only the symptoms of inflation, not its basic cause.

To repeat the example used so effectively by the Senator from Illinois yesterday, price controls have been compared to the cork that is driven into the spout of a boiling tea kettle. This may prevent the steam from escaping but unless the fire is turned out under the tea kettle, they will eventually assist in building up the pressure which will create a real explosion. My favorite illustration is the wise saying: "You can't cure dysentery with adhesive tape."

In short, I hope no Member of this body or no one in the United States believes that the bill we propose to pass this week is a cure for inflation. I am sure it falls far short of that goal.

WHAT PROGRAM IS NECESSARY?

If the powers provided by the bill, standing alone, are not a cure for inflation, we should see what other programs are necessary and whether they are being adopted and followed.

I am not a theoretical economist. I have learned about our American economic system the hard way—standing behind a retail counter, operating a small manufacturing plant, managing several small merchandising businesses involved in both wholesale and retail distribution.

So I think I can understand the simple explanation that inflation comes when there are too many customers with too much spendable money, bidding for too few buyable goods.

The current inflation did not start when we went into Korea a year ago. Inflation has been the deliberate policy of this administration for nearly 20

years. It is probably fortunate that the reaction of the American people to the implied threat of scarcity after last June finally forced our Government to face the dangers of inflation before it could become a permanent pattern in our economy, affecting not only our lives but the lives of our children. It is fortunate that today the American people themselves are asking themselves for a program that will really cure inflation.

FOUR BASIC OBJECTIVES

It seems to me that such a program must have four basic objectives:

First. It must be one that restricts the national supply of money and credit.

Second. It must be one that—however painful—will limit the individual's personal supply of spendable money and credit.

Third. It must be one that will increase the supply of goods until buying power and available goods come into a kind of balance.

These three must be faced on a long-range basis; and only when they are operating should we consider the fourth.

Fourth. The fourth part of the program is the temporary one designed to sit on the wage-and-price lid only until these long-term programs have their effect.

It is this temporary part and, therefore, the least important one, that we are concerned with in this bill.

I am convinced that no one of these alone will do the job. All must be courageously and vigorously pursued. Are we, as a part of Government under the leadership of the present administration, equally concerned with all four? That we are not is plain, and this disturbs me.

MONETARY CONTROL

Let us look first at our program to restrict the national supply of money and credit. For many years we have had a Federal Reserve Board which has had that basic power. But after 1932 and until this year its powers to regulate the supply of money and credit were generally used to expand buying power and feed inflation. Even as late as March 4 of this year, the Secretary of the Treasury fought to prevent the use of these powers to control inflation when he insisted on a program of pegged prices for Government bonds. It is only since that program was dropped that the Federal Reserve has been free to take any really effective steps in the field of monetary control. Even now, in this bill, we give evidence that we in Congress still do not trust the Federal Reserve Board to use its powers to control inflation wisely, because this bill seeks to restrict them. The Kerr amendment, adopted Monday, limited its powers to use regulation X, and the committee wrote into the bill in section 3 a limitation on its powers to use regulation W. At the moment, I have no wish to argue whether these limitations are wise or not. I simply suggest that we in Congress are acting to limit rather than increase the power of the Federal Reserve Board to act freely against inflation. But even if these limitations are adopted, we are very fortunate that the power is there. We can only hope that it will be used with courage.

FISCAL-CONTROL POLICIES

When it comes to the second problem, the restriction of individual buying power, the real failure of the administration appears. Such a program, according to the wisest economists I can find, requires us to face our present need for defense rearmament with a balanced budget on a pay-as-you-go basis. To do this will require a full about-face in the administration's 20-year program of continuing deficits in times of peace as well as war. To accomplish a balanced budget, we must have, first, a carefully drawn tax law, devised to drain off excess spending capacity, at least in an amount equal to the money required for the defense effort; second, we need a rigorous program of economy in Government which will make a balanced budget possible at the lowest possible level of expenditures. If this is not achieved, the necessary tax burden to balance the budget may be so heavy as to undermine our power to produce, and weaken our power to defend ourselves.

DO WE HAVE A REALISTIC TAX POLICY?

Is the administration's tax policy realistically aimed to combat inflation? The House has just passed a bill which the Senate will soon consider. Will this bill do the job? Because I might be considered a biased witness, I cite the editorial of a newspaper often considered to be proadministration. The Washington Post, in its issue of June 23, 1951, says:

Since national income is concentrated in the low-income groups, a tax bill designed to halt inflation should hit the broad sources of consumer purchasing power which are the prime cause of inflationary pressure. Under the defense tax, however, the rates range from 22.5 percent in the bottom income bracket to 94.5 percent at the top. Thus, in these higher brackets, the new taxes will siphon off income that would otherwise be saved, whereas the aim of a tax program for control of inflation should be to encourage savings and discourage consumer consumption. * * *

Funds that could have been used to provide for new plants and equipment will also be siphoned off and expansion programs needed for defense purposes will have to be financed by borrowing, leading to an inflationary expansion of bank loans. Moreover, high rates of taxation imposed on companies subject to the excess-profits tax will add to inflationary pressure by encouraging wasteful expenditures and weakening incentives to the efficiency of operation. * * *

There is a lack of balance in the tax program for it goes easy on consumers and puts the lion's share of the increased tax burden on producers.

What is needed is heavier taxes on consumers to hold down spending.

To say the least, the House bill is disappointing. All authorities seem to agree that to be effective against inflation taxes must rest on the broadest possible base. The President's Council of Economic Advisers pointed out recently in discussing individual income taxes that by far the largest part of the additional revenue must come from the middle- and low-income brackets. These are the brackets in which the great bulk of the income is located. Of the net income on all taxable returns, 86 percent of the amount remaining after previous Federal income taxes is estimated to be received by the taxpayers

with net incomes of less than \$10,000. If taxation is to hold down consumption—and this is vital to the control of inflation—the bulk of consumers must be affected directly by tax increases.

By changing the basis for individual income-tax increases from a uniform addition of percentage points to a basis of percentage of the previous tax, the House turned its back on an anti-inflation-tax program. It will be interesting to see if we in the Senate have more fiscal courage.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. BENNETT. I yield.

Mr. MAYBANK. I have been listening with much interest to the remarks of the Senator from Utah. I know, of course, that he is familiar with the hearings, which are quite extensive. I shall not take too much of the Senator's time to read from the hearing at length, because I realize the shortage of time. When Mr. Keyserling, who was in charge of the Economic Advisers appeared before the Senate Committee on Banking and Currency, he made the following statement, on page 307 of the hearings, so far as taxation is concerned:

There are only two ways to close that gap. The most important way is through taxation, because taxation, by taking out of the economy as much spending as the Government is pouring into the economy, shortens that gap.

The Senator is correct when he says that this control bill is not in itself the answer to inflation, as some would have us believe. I am for controls. I do not want to be misunderstood. Nevertheless, the tax situation is as has been described.

On page 272 Mr. Keyserling referred to the production situation, in the following words:

Now, the second phase of increased output is productivity. Productivity is even more important than increases in the labor force. I have said on many occasions that we can never hope to excel the Soviet and its satellites in manpower. But we can excel them in the efficiency of manpower, which means providing manpower with superior tools and equipment. Between 1939 and 1944, when we increased our total output by 80 percent, we increased our labor force by only about 20 percent, as shown in chart 3.

In other words, most of the increase came through better tools, through plant expansion, through sharper weapons on the industrial front. In fact, that is the whole history of the United States. The population has doubled every 50 years, and the output has doubled every 20 or 25 years.

Throughout the hearings Mr. Keyserling calls attention to the fact—as does the Senator—that this bill is not the complete answer. The Senator may not believe that this bill is necessary. We differ in that respect. I believe that we should have some type of control. However, what the Senator says is eminently correct. This bill, by itself, is not the answer to inflation, even though it has been so contended in certain quarters.

Mr. BENNETT. I deeply appreciate the Senator's point of view, and I agree with him.

Mr. MAYBANK. Throughout the hearings even the Government witnesses themselves say that the bill is not the answer to inflation.

Mr. BENNETT. I thank the Senator from South Carolina.

WHERE IS OUR ECONOMY PROGRAM?

We come now to my next question: Is the administration devoted to economy? It is interesting and significant that when its spokesmen discuss its anti-inflation program, Government economy is seldom mentioned. I have scanned the President's recent speeches against inflation, hoping to find a plea for economy in Government, but in vain and when I read the June 9 issue of Capital Comment, issued by the Democratic National Committee, I found a 3-point program: raise taxes, extend credit restrictions, and improve price controls. Not a word about Government economy.

When the Senate was debating the Independent Offices bill I was very much impressed by what the figures read into the Record by the senior Senator from Delaware [Mr. WILLIAMS] showed. There was appropriated for Mr. Truman's predecessor in the White House in 1944, \$302,000; in 1945, \$339,000; and in 1946, \$312,000. Remember, this was for a President who was managing the greatest war in our history and operating our civilian economy at its peak of production. After Mr. Truman took office we find the following appropriations facts: For the first year the appropriation more than doubled, being in 1947, \$883,000. In 1948 it was \$952,000; in 1949, \$968,000; and in 1950, \$1,375,000. By 1951 it had almost again doubled to \$1,585,000.

For 1952 \$1,883,000 was asked for—six times as much as President Roosevelt used in 1944. When the Senate reduced the appropriation to \$1,585,000, the same amount as was appropriated last year, news commentators spoke of it as the breaking of a tradition, and suggested that the President might be forced to veto it. Does this attitude suggest a devotion to economy? Does it encourage us to reduce appropriations?

INCREASING PRODUCTION

I have not discussed the question of increasing production. So far as I know, every witness who testified on this subject said controls would restrict rather than increase our productive rate. So, for this phase of the battle against inflation, we must continue to rely on the basic strength of our productive facilities and the evident willingness of men in agriculture and industry to drive forward to even higher production goals in spite of Government obstacles and reduced incentives. One witness testified that our rate of production has increased approximately 10 percent since last June, and if Mr. Charles E. Wilson is right in saying that our rearmament effort at the present rate will take only about 20 percent of our national product, at that rate, after another year we will be able to take rearmament in our stride and still have our pre-Korean productive capacity for civilian use, raw materials being available.

Those who argue for controls delight in using industry as the whipping boy, but by increasing its production it is probably doing more today to solve this basic problem of inflation than any other

agency, including the Federal Government.

All this is evidence to me that no matter what kind of bill we pass here this week, it will not win the fight against inflation because in fact, we have not really had the courage to come to grips with it.

IN THE RACE AGAINST INFLATION WE NEED A SOUND MOUNT

Let me try another metaphor, one that I know will appeal to many of my colleagues, and particularly to the junior Senator from Oregon [Mr. MORSEL], were he here: One cannot win a horse race or a horse show with a horse that has only one sound leg. The horse we must ride in the race against inflation needs four sound legs, balanced in strength and stride:

First. A courageous monetary policy.

Second. A realistic tax program.

Third. A budget balanced at the lowest possible expenditure level.

Fourth. A workable but temporary program of consumer controls.

No matter how much we strengthen the fourth leg, consumer controls, we cannot compensate for our deliberate weakening or hobbling of the other three.

THE PRESENT PROGRAM'S GREATEST WEAKNESS

In corroboration of this point of view I turn to the statement of Alan H. Valentine, whom the senior Senator from Illinois Monday praised as a Republican and a fine economist. After he left his position as Economic Stabilization Administrator, he said this about our stabilization effort:

The greatest weakness in our stabilization effort has been the failure of Government to take strong, prompt, and fundamental steps toward deflation—including Government economy, a wise and fair plan of increased tax revenue that would draw off excessive spending power, greater credit restrictions, more intelligent policies on interest rates, increased personal savings and purchase of Government bonds. Most of these remain undone, and meanwhile the ship of state drifts with the vagrant pressure tides, and stabilizers flounder.

One trouble has been an overemphasis in Government circles, in press circles, and in the public mind, upon the price-control aspects of economic stabilization. This was natural and perhaps inevitable. Prices are of immediate concern to the public; prices are news to the press; price control can provide legislators with an excuse for not voting unpopular taxes or troublesome Government economies. This overemphasis has led to too little emphasis and too little action upon other and more basic deflationary measures absolutely essential to stabilization.

CURE—OR NARCOTIC

I have come now to the end of the answer to my first question. If the purpose of this bill is to cure inflation, it cannot succeed because it is not being supported by other necessary and, to me, more important programs. The thing that frightens me about this bill is that people will come to accept it as a cure, and the pressure for the other necessary programs will disappear. Remembering that C. E. Wilson said that price controls treat only the symptom, it seems to me, then, that this bill might be compared to an aspirin, which deadens the pain, or more seriously, to a narcotic,

which, in the process of bringing relief, fastens an ever-growing habit on the patient. Once the pain is gone, the determination necessary to effect the basic cure may disappear and the patient will get worse.

WILL THE PROGRAM WORK?

So much for my first area of doubt about the bill. My second area of doubt goes to the whole idea of controls and their administration. Now that these 9 months since the Defense Production Act of 1950 have passed, I think we would do well to stop and appraise our experiences before we shut our eyes and vote to continue the process for many months more. As a basis for appraisal I raise these questions:

HOW DID THIS THING START?

Where did the urge for controls come from anyway?

Looking back, it seems to me that the American people reacted last June to their experience in World War II. They certainly didn't react consciously to the problem of inflation because they had been living with that for 20 years, and ignoring it. Nor had there been, up to that time, any sincere Government concern about inflation. In fact, the Government was accepting its effects as desirable, and, at least to the extent they were translated into wage increases, was taking credit for them. I think a pretty good case can be made by the fact that the postwar inflation spiral began with the 18½-cent-wage-increase formula, known as the "first round." The formula, as I remember, was credited to the President and was offered as a cure for an expected depression or deflation.

Between the end of the war and of 1948 the Consumers Price Index of the Bureau of Labor Statistics rose from 129 to 172, 43 points, a rise of 33 percent. It wavered during 1949 and stood still at about the same level a year ago. Since then it has increased 14 points, or 8 percent, and we have become concerned about it. We were not concerned in 1947 when it increased 20 points over 1946. There was then no fear of inflation and no program for the reimposition of controls which the President had recently removed in response to public opinion, as he will some day be forced to remove these.

The scare buying of 1950, which seems the obvious excuse for the controls law, was born out of the memory of scarcities, rationing, and controls during World War II. It was a perfectly normal, natural human reaction. There is already ample evidence, in the slackening off of retail sales generally and in the tremendous piling up of merchandise inventory, that this temporary bubble has already been pricked. We may be locking the stable door after the horse is gone.

HUMAN WEAKNESSES AND LAW

I have come to believe that there is another interesting source of the present problem. I think it grows out of the same human weakness that is encouraging some of our colleagues to try to develop a new code of ethics for Government. Apparently, in every unusual situation there will always be those who

seek to twist events to their advantage. Business is most readily castigated for this, but labor, agriculture, and even Government have provided examples. This was revealed when witnesses came before the Senate committees and said, in effect, "Control the other fellow so I may improve my position, but do not control me." Only a few brave souls have dared to say that Americans can be trusted to work out of this situation, and that no controls are necessary. One of these happened to be the president of the National Association of Manufacturers, and he has been singled out for attack. I am sure he must take comfort from the fact that the president of the Farm Bureau took the same position.

Every time we attempt to solve problems growing out of human weaknesses by slapping on controls, I wonder if we are not repeating the same mistake we made 35 years ago when, through the prohibition law, we attempted to legislate temperance.

A SECOND DOUBT

Now for my second doubt. I have come to believe that uniform enforcement is impossible even with Mr. DiSalle's 35,000 employees. The odds are against them. Consider these figures: In America there are 4,000,000 businesses or 114 businesses for every price administration employee, to worry about. Someone has estimated that there are 9,000,000 commercial articles for sale in the United States, all with their own particular problems and traditions—260 articles apiece for each of Mr. DiSalle's people. There are 150,000,000 of us citizens—all customers. Allowing us each one transaction a day, that is 45,000,000,000 transactions a year, or 1,250,000,000 transactions for each of Mr. DiSalle's helpers to be responsible for. It just will not work.

The United Mine Workers recognized this when they said, in their resolution of May 25, that—

Under the terms of this act—an almost unparalleled and unlimited grant of powers to the Chief Executive and the grant by him of these powers to the Economic Stabilization Agency and other agencies—there were thereby created, among other departments, agencies, and bureaus, the Office of Price Stabilization and Wage Stabilization Board; and, from the date of their creation, there has been one never-ending and continuous stream of orders, rules, regulations, decrees, promulgations, amendments, interpretations, and declarations set off by such agencies and manifold respective administrators, directors, chairmen, and other officials and unofficial spokesmen, as to, in effect, virtually overwhelm and flood all industry, business, and labor—large and small—with long, involved, technical, legalistic, complex, complicated, duplicitous, confusing, and confounding rules and standards of conduct, restricting, limiting, prohibiting, circumscribing, and choking their otherwise normal and ordinarily successful and smooth operations—all running to full and complete defeat of the above-declared purposes of the act.

I can almost see those famous black eyebrows knit in concentration on that language. It is florid, but I agree with every word of it.

So I believe that, in a practical sense, enforcement is impossible, and that the law can have no meaning unless it is accepted voluntarily by at least the 99

out of every 100 businessmen who are always patriotic and honest.

COMPLIANCE—IF POSSIBLE

So, if the success of the law rests not on enforcement but on compliance, let us talk about compliance. The Senator from Ohio [Mr. BRICKER] in a recent speech estimated that it would take at least 10 employees in business for every employee in the administration to do the necessary paper work. That, is, I think, a mastery of understatement, because that would only allow 1 employee for every 12 businesses. But the matter of paper work is not the only burden. The tremendous confusion created by the imposition of programs that cannot possibly take all local conditions into account is both costly and destructive of production.

NO ONE KNOWS THE ANSWERS

For my first example, let me read from the testimony of W. D. Lawson, president of the American Cotton Shippers before the Senate committee:

Raw cotton has now been under ceilings for 4 months, and I would like to review this period. On January 25, 1951, GCPR was issued. Its wording was so ambiguous that when the vice president of the New York Cotton Exchange contacted the OPS the next morning, Mr. DiSalle did not know if it applied to cotton. After consultation with one of the OPS lawyers, he found that cotton did come under the regulation. Instantly all dealing in raw cotton ceased, the futures exchanges closed, and business was stalemate. Our association immediately sent a committee to Washington in a futile attempt to show OPS why ceilings were unworkable and unenforceable. Several meetings were held with Mr. DiSalle or his officials. At no time did they find one person in OPS who had a working knowledge of cotton. At the same time representatives of cotton producers, ginner, futures brokers, warehousemen, and cotton spinners, in fact, every branch of the cotton industry, voiced opposition to the order. The USDA presented an excellent brief to Mr. DiSalle in an attempt to show why it would not work.

Subsequent events have proven that prices would not have risen, as Mr. DiSalle feared. In spite of this, after 6 weeks of inactivity, on March 3, CFR No. 8 was issued expressly applicable to American upland cotton, but the cotton futures markets were still unable to open. At this time, adding further confusion to an already disordered situation, Mr. DiSalle stated that this order cut across all old contracts. Mills who needed cotton, which they had previously bought, could not get it, and shippers, who had previously sold cotton, could not legally deliver it. Contracts previously entered into were invalidated.

A MORAL ISSUE

No wonder Mr. Lawson said in the same testimony:

No possible goal that could be attained or even hoped for, pricewise, could possibly offset the moral turpitude that develops from the imposition of a law that cannot be enforced to any extent and penalizes those who would try to abide by its regulations; a law that is not enforceable should never be imposed.

A PERSONAL EXPERIENCE

Mr. President, until I came to the Senate, for many years I had been the head of a small retail automobile establishment in my native State of Utah. When price ceilings were put on automobiles, this firm, like all other

concerns, was puzzled about their meaning and was distressed by its inability to interpret them. So it took its price lists to the newly opened OPS office in Salt Lake City, had two long conferences with the top officials in that office, and obtained complete local approval of its price lists. They asked that that approval be given to them in writing, but were told that that was impossible, that it might take a year to obtain such approval in writing. I am afraid that I showed off a little then, when I was in Utah and found out about this situation for I said, "I am a Senator, and no doubt the main office will answer my questions." So I sent the Bennett Motor Co. price ceilings to the OPS headquarters in Washington. That office, after making a careful study and admitting the situation not to be free from doubt, reversed the decisions of the Utah office, and set the price ceilings at a lower level. That was all right; they were only seeking to find out where they belonged.

As a result of that reversal, they were asked to refund the amount of money represented by the difference between their sales at the higher price ceiling and the prices they should have charged in terms of the second decision. Ninety customers were involved. We refunded \$722 to 90 different customers, an average of \$3 for each customer.

I have before me a letter from the Salt Lake City Director of the Office of Price Stabilization, which outlines the sincere attempts of the Bennett Motor Co. to ascertain the price ceilings and to comply with them, the district director in Salt Lake City embarrassed by the fact that because of a leak in the Washington office, a national commentator stated, both in the newspapers and on the radio, that the OPS had "raided" the Bennett Motor Co., that our firm was an offender, and something to the effect that a Senator who made laws should live up to them. He wrote me this letter, for which I ask unanimous consent to have printed in the RECORD at this point in my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OFFICE OF PRICE STABILIZATION,
Salt Lake City, Utah, June 20, 1951.

Re Pearson broadcast.

HON. WALLACE F. BENNETT,
United States Senate,
Washington, D. C.

DEAR SENATOR BENNETT: I did not hear the above broadcast and I think not many people in Utah did hear it, but this is to advise you that the Utah office of OPS is in no way responsible for any matter or thing reported on such broadcast.

Nothing happened, nor was any record made in the dealings of this office with the Bennett Motor Co. from which any derogatory public statement can be made. We did have dealings with the company concerning its pricing practices which were amicably settled. It appears that officials of the company had sought advice from various sources, including this office, concerning ceiling prices involving sales of automobiles and automobile accessories at a time when official interpretation had not reached this office on points about which there might be a difference of opinion. After receiving such advice the company made sales of automobiles and accessories which it apparently believed

to be in accordance with OPS regulations. When, however, official interpretation of the regulation had been published it appeared that some of the sales made by the company were in violation of ceiling prices, which fact was brought to the attention of the company. Upon receipt of such advice the company expressed a desire to promptly conform to OPS regulations and suggestions and agreed to an immediate check of all its sales and to refund any overcharge made to any customer. Accordingly a check was made by this office of all sales made during the period December 22, 1950, to April 15, 1951, and every sale in excess of ceiling prices during that period was duly listed. Refunds on all such sales were promptly made by the company under the supervision of this office, after which a full report was sent to the Washington Enforcement Division with the recommendation "that this case be closed and that no further action be taken with reference thereto."

Since the date of said report, May 28, 1951, no request or directive has come to this office from Washington, requiring further action and as far as we are concerned, the case is closed and the inquiring public press of Salt Lake City has been informed that no court action has ever been contemplated against the Bennett Motor Co. and no action of any kind has been instituted against it other than to aid it to get into full compliance with OPS regulations.

This statement is made to you because it has been reported to me that said broadcast somehow connected you personally with some alleged misconduct of the Bennett Motor Co.

Yours truly,

DELBERT M. DRAPER,
District Director.

Mr. BENNETT. I suggest, Mr. President, when the OPS and its operations are used for the purpose of pillorying a man who is not only obeying the law but doing everything he can to be sure he is complying with vague and indefinite regulations, that we have a perfect illustration of what is involved in complying with the OPS regulations, and of the dangerous political application of administrative authority. In view of my experience, I am sure that my colleagues understand why I believe that compliance with OPS regulations is difficult.

INJUSTICES AND INEQUITIES INEVITABLE

If I am right in assuming that many of these problems arise out of human weakness and that both enforcement and compliance are difficult, if not impossible, then I am sure that there is a reasonable basis for the further assumption that injustices and inequities must necessarily be the result. By its very nature, the program froze into our system such injustices as existed at that certain moment when the controls were applied. Now, months later, when we attempt to correct these by roll-backs or increases, we can only create new injustices and demonstrate what we have always known—that no planned program can substitute for the elasticity of the free market. For an interesting example of injustice or at least inequity, I turn back to the automotive industry. When the day came under the wage contract between the automotive producers and the UAW on which the workers were to receive a 4-cent-an-hour so-called productivity bonus, the administration was faced with the choice of requiring a breach of the contract to hold its wage ceiling or allowing a breach of the ceiling to permit the contract to operate.

They chose to hold to the contract and break the ceiling. But earlier, in the same industry, they had made exactly an opposite decision. The automobile dealer has a contract with the manufacturer based on a percentage discount from the official list price. When the administration allowed automotive manufacturers to increase their list prices 3½ percent, it required the automobile dealer to limit his price increase to the actual dollars involved and did not allow him the slight added dollar profit he could have made if his historic discount had been applied to the new ceiling price. It did not amount to much in money—less than 1 percent of the dollars in the dealer's profit—but the principle is there just the same. In one case, the administration, faced with the same choice of breaking the ceiling or breaking the contract, chose to break the contract. In the other case, the administration chose to hold to the contract and break the ceiling. To me, that is an administrative injustice, and I am happy to say that the Senator from Illinois [Mr. DIRKSEN] has an amendment which will remedy the injustice, but we cannot hold Congress in session, standing by to present new amendments to remedy every injustice.

THE REAL REASON

I come now to what I think is the real reason behind the request to extend the power for consumer controls in this bill. If they are unenforceable they cannot easily be complied with by an honest and prudent man, create inequity, and are opposed by those who have to live under them, why are they so vigorously demanded by the administration?

I believe these demands arise out of the mistaken idea that this program will be of beneficial value in the 1952 elections. Certainly there has been ample evidence that the jobs created are being used to supply political patronage and for the political flavor of the whole program. I turn again to Mr. Valentine. I would recommend to every Senator that he reread the statement of Alan H. Valentine in the Appendix of the RECORD of March 20, inserted as extension of remarks by the Senator from Ohio [Mr. BRICKER]. If time permitted, I should like to reread the entire statement now, but from it I take this summary. Speaking of the political factors which finally led him to resign, Mr. Valentine said:

These factors are not remote from my discussion of stabilizing our economy, for they are major hazards which our stabilizers must overcome. Sound economics and partisan politics simply do not mix. Even a Charles Wilson cannot successfully organize our production and oversee our stabilization if he must also cope with an undercover government as well as a legally constituted one.

I shall vote against the bill. I am a political neophyte and have no right to pit my political judgment against that of the masters of the art in the opposite party. But I am coming to believe that in supporting this program they may be making a great political mistake. The American people are depending on it to cure inflation. Standing alone, this bill will not do the job, and unless, under the

leadership of the administration, we soon adopt a vigorous policy of monetary controls, sounds taxes and strict economy, the fear of inflation which helped elect me and other Republicans in 1950 will continue and will become an overwhelming force in 1952.

On the other hand, I think the bill as reported after diligent work by the Banking and Currency Committee by its chairman, the senior Senator from South Carolina [Mr. MAYBANK], is probably the best of its kind that could be produced, and if it were backed up with the other sound elements of a balanced anti-inflation program I should feel safe in voting for a short-term extension. Certainly I have no quarrel with those powers which set up priorities in the procurement of material and grant the materials necessary for the rearmament of America. I agree that they must be continued. If it were possible, I should like to vote for them, without voting for consumer controls; but that apparently will not be possible. So, therefore, since I consider that this bill is not a cure, but a narcotic, and since I am against the narcotics approach, I shall vote against the bill as a protest against the failure of the administration to present a balanced program, and secure in the belief that in my State, at least, the people can see this whole problem in its true light. If we could have a chance to consider a completely balanced program to cure inflation I would vote for it with all my heart.

Mr. HENDRICKSON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Gillette	McKellar
Anderson	Green	McMahon
Bennett	Hayden	Millikin
Benton	Hendrickson	Monroney
Brewster	Hennings	Moody
Bricker	Hickenlooper	Morse
Bridges	Hill	Mundt
Butler, Md.	Hoey	Neely
Butler, Nebr.	Holland	Nixon
Byrd	Humphrey	O'Mahoney
Cain	Ives	Pastore
Capehart	Jenner	Robertson
Carlson	Johnson, Colo.	Russell
Case	Johnson, Tex.	Saltonstall
Chavez	Kefauver	Schoeppel
Clements	Kerr	Smith, Maine
Connally	Kilgore	Smith, N. J.
Cordon	Knowland	Sparkman
Dirksen	Langer	Stennis
Douglas	Lehman	Taft
Duff	Long	Thye
Dworshak	Magnuson	Underwood
Eastland	Malone	Watkins
Ellender	Maybank	Welker
Ferguson	McCarran	Wherry
Flanders	McCarthy	Wiley
Frear	McClellan	Williams
Fulbright	McFarland	Young
George		

The PRESIDING OFFICER (Mr. PASTORE in the chair). A quorum is present.

Mr. McFARLAND. Mr. President, I ask unanimous consent that the clerk may read a letter from Mr. Eric Johnston, Administrator, Economic Stabilization Agency, and that the time not be charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will read the letter.

The legislative clerk read the letter, as follows:

ECONOMIC STABILIZATION AGENCY,
Washington, D. C., June 26, 1951.

Hon. ERNEST W. McFARLAND,
United States Senate,
Washington, D. C.

DEAR SENATOR McFARLAND: Nothing that has occurred since I became Administrator of the Economic Stabilization Agency has disturbed me more than the approval by a majority of the Senate Committee on Banking and Currency of the so-called anti-roll-back amendment to the Defense Production Act.

I am disturbed because the amendment would permit only roll-forwards and not roll-backs in prices.

Many business concerns increased prices enormously following the Communist aggression in Korea while others heeded the request of the Government to hold prices.

Naturally there should in common justice be roll-forwards for those companies unfairly hit by rising costs. But, under the amendment, there could be no compensatory roll-backs for those whose prices soared too high in relation to costs. One is as essential as the other to a sound stabilization policy. In no other way can equitable treatment be assured. The amendment would require us to stabilize the economy at the highest prices.

This would add \$10,000,000,000 to \$12,000,000,000 a year to the present cost level, which is already \$20,000,000,000 higher than before Korea.

Such a toll is a hidden tax. It affects all the people, but particularly those with moderate incomes—those least able to pay—because they must spend a larger portion of their income for food, clothing, rent, and other cost-of-living items.

Compare the \$12,000,000,000 added cost that would result from the amendment with the \$7,200,000,000 tax bill just passed by the House, and it is easy to see how the American people would be affected.

It is not only the civilian who would suffer. The military would also have to pay higher prices. Inflation has already exacted a tribute of \$7,000,000,000 out of \$35,000,000,000 appropriated by the Congress this fiscal year to the Department of Defense for purchase of military needs. This loss is the equivalent of the new tax bill.

I am disturbed, too, because the new price plateau forced by this amendment would inevitably bring about a much higher base for the stabilization of wages.

The amendment would handcuff and hobble a stabilization program that is working effectively. This program is curbing inflation. It is stabilizing the cost of living.

I think we can hold a stabilized line under our program. The amendment would crack and break that line.

More than ever we need the assurance of stability if we are to carry out the needed mobilization program. Under the amendment, we would have not assurance but uncertainty. We would have not stability but an inflationary spiral.

The amendment is based on an apparent belief that the economy can be stabilized by being held in a vise. But our economy does not—and cannot—function in chains. There must be flexibility in pricing policy if there is to be flexibility in production and supply. The amendment destroys flexibility in pricing unless prices are always moved upward to ever higher levels. That is not stabilization. That is administered inflation.

In the interest of a fair and effective stabilization program for the American people, I hope the Senate will reject the anti-roll-back amendment.

Sincerely yours,
ERIC JOHNSTON, Administrator.

The PRESIDING OFFICER. All time has expired. The question now is on

agreeing to the amendment of the Senator from Delaware to the amendment of the Senator from Illinois. The amendment may be discussed for 30 minutes, 15 minutes to each side.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WHERRY. As I understand, under the unanimous consent agreement, debate on all amendments from this time on is limited to 30 minutes, 15 minutes on a side, with the exception of those which were excepted, such as the rent-control amendment, the amendment of the Senator from Illinois [Mr. DOUGLAS] to strike out section 2, debate on each of which is limited to an hour, and the amendment intended to be proposed by the Senator from Wyoming [Mr. O'MAHONEY], on which debate is limited to not exceeding 50 minutes. Am I correct in that understanding?

The PRESIDING OFFICER. The Senator is correct.

Mr. MAYBANK. Mr. President, how much time is allocated on the amendment of the Senator from Delaware [Mr. WILLIAMS]?

The PRESIDING OFFICER. Thirty minutes, 15 minutes to be controlled by the Senator from South Carolina, and 15 minutes by the Senator from Delaware [Mr. WILLIAMS].

Mr. WILLIAMS. I explained to the Senate yesterday why I felt my amendment should be adopted. I wonder if the Senator from Illinois will modify his amendment so as to include my amendment? I think the Senator from Illinois recognizes that his amendment is no good unless my amendment is added to it. The Price Administrator, Mr. DiSalle, just cannot do the things he says he wants to do under the Douglas amendment. Unless this disgraceful food-destruction program is stopped we cannot check price rises. The Senator from Illinois recognizes that fact. I pointed out yesterday how this administration as late as January of this year was either destroying or exporting at bargain prices agricultural commodities at a rate of 1,400 percent faster than they did last year before Korea. The Senator from Illinois should be willing to accept my amendment to his amendment so the lower prices he speaks for can be achieved by his amendment. If the Senator from Illinois does accept my amendment I shall vote for his amendment in return because I favor what he says he wants to do but he cannot do it as now written.

Mr. DOUGLAS. Mr. President, I do not believe in making trades on this matter. I may say that the amendment of the Senator from Delaware is addressed primarily to the general agricultural price support program. I think it should therefore not be attached to the amendment which I am proposing, which relates to roll-backs. The Senator's amendment should be addressed to some other portion of the bill. Therefore I do not wish to confuse the issue by accepting the amendment of the Senator from Delaware.

Mr. WILLIAMS. Did I understand the Senator from Illinois to say that he accepts my amendment?

Mr. DOUGLAS. No. Quite the contrary; I am not accepting the amendment.

Mr. WILLIAMS. Mr. President, before speaking, I will let the Senator from Illinois proceed. Perhaps he can tell the American housewives how he can justify his endorsement of the policy of destroying good edible food while our country is at war.

Mr. DOUGLAS. Mr. President, I have no desire to persuade the Senator. The time of those who favor the amendment is in charge of the Senator from Delaware and the time of those opposed to the amendment is in charge of the Senator from South Carolina. I have no intention of participating in a discussion of a totally irrelevant subject.

Mr. MAYBANK. Mr. President, I shall be glad to yield any part of my time up to 2 minutes to any Senator who wants to speak either for or against the amendment.

Mr. DOUGLAS. I suggest to the Senator from Delaware the sentiment expressed by Priscilla when John Alden came to her to make a proposal on behalf of his friend, Capt. Miles Standish. Priscilla said to John Alden, "Why don't you speak for yourself, John?"

Mr. WILLIAMS. I remind the Senator from Illinois that a lot of people feel that John Alden betrayed his trust with Miles Standish. Be sure that you do not likewise betray the American housewives today.

The Senator knows he cannot refute my statement of yesterday and if anyone is interested in knowing just why food prices are high I suggest he read my remarks as appearing in the CONGRESSIONAL RECORD of yesterday. I clearly demonstrated that it is mathematically impossible to roll back prices under the Douglas amendment. I said that if Senators on the other side of the aisle who have been shedding crocodile tears for the housewife were sincere they would help me stop this reckless and disgraceful destruction of good food products while at the same time they advocate price controls.

The reason they have not done so is that they do not have the political courage to do so. It is significant that not one of them dares defend the administration.

The fact of the matter is that mathematically, even if the Douglas amendment is accepted, prices cannot be rolled back to anywhere near the pre-Korean level unless something is done about the price-support program. The price of wheat cannot be rolled back below \$2.41 under the Douglas amendment. Two dollars and forty-one cents is 35 cents or 15 percent higher than the pre-Korean price for wheat. The price of western corn—and the Senator's State of Illinois is a great corn-producing State—cannot be rolled back below \$1.75 under the Douglas amendment. This is again about 15 percent higher than last June. The price of rice cannot be rolled back to the pre-Korean price of \$4.18. The Secretary of Agriculture is supporting rice at \$5 per hundredweight or 20 percent above last June.

If the Douglas amendment is accepted it will not roll back the cost of food for

the housewife within 25 percent of what it was before Korea.

Mr. President, I challenge any Member of the Senate on the other side of the aisle to contradict my statements. I shall be glad to yield to any Senator for the purpose of making a statement on that point. If any Senator desires to dispute my figures I shall be glad to yield to him. Silence speaks for itself.

All the talk about rolling back the price of food and clothing is just cheap demagoguery by a group who know they cannot do it and have no intention of doing it.

Mr. President, I ask for the yeas and nays on my amendment. I want to know who is sincerely in favor of rolling back these prices. A vote against this amendment is an endorsement of the administration policy of destroying agricultural products for the sole purpose of creating artificial shortages. Do not forget that this one program of the administration has cost the American taxpayers over \$3,000,000,000 during the past 15 years—nor does this figure include the enormous cost to the American housewives represented by increased food prices. I ask for the yeas and nays.

Mr. DOUGLAS. I also ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have been requested. Is the demand sufficiently seconded?

The yeas and nays were ordered.

Mr. MAYBANK. Mr. President, how much time do I have?

The PRESIDING OFFICER. The Senator from South Carolina has 15 minutes.

Mr. MAYBANK. I will say to the Senator from Delaware that I appreciate all he has said. I listened attentively to him when he addressed this body last evening. But I may say to him that, as chairman of the committee, it is not my prerogative to accept an amendment of this nature, or to vote for it. When I use the expression "my prerogative," I merely mean that the amendment would change the basic agricultural law of the land—the Senator will agree with that statement, will he not?—and I cannot, as chairman of the committee, accept such an amendment.

Mr. WILLIAMS. I will say that the Senator from South Carolina is consistent in his position. I have talked to him on the subject and I respect his position. At the same time the Senator from South Carolina is taking the position that prices should not be rolled back. I respect the Senator from South Carolina because he is standing on the floor of the Senate saying what he believes in and he proposes to vote accordingly. But there are others on the floor who have spoken loudest for a roll-back whom I know will vote against my amendment. That position just cannot be justified. You cannot defend both positions at the same time. If you believe in and vote for a continuation of this food-destruction program then stop talking about the need of price controls.

No one disputes my statement that if there is to be a roll-back in prices it is necessary that my amendment be adopted. Every Member of this Senate knows that mathematically a roll-back

cannot be had unless my amendment is adopted.

I think the Senator from South Carolina is absolutely correct in his position as he sees it. I respect him for it.

Mr. President, I recognize that I am in the minority, but I still want a record vote. I may be defeated today but sometime the American people are going to rise up in indignation against this scandalous policy and the hypocrisy of some present-day politicians.

Mr. MAYBANK. Mr. President, I appreciate very much the kind remarks the distinguished Senator from Delaware has made about the chairman of the Committee on Banking and Currency. I am only chairman of the committee by reason of the generosity of the Senate.

I hope the Senate will defeat the amendment because it would change the basic law of the land. The bill is not supposed to do that. It is an emergency bill dealing with priorities and allocations. It is a defense measure. Its purpose is not to change the law of the land, and we should not do so by adopting the amendment of the Senator from Delaware. Therefore, I hope the amendment will be defeated.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Delaware [Mr. WILLIAMS] to the amendment of the Senator from Illinois [Mr. DOUGLAS]. The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from Wyoming [Mr. HUNT], the Senator from Maryland [Mr. O'CONOR], and the Senator from North Carolina [Mr. SMITH] are absent on official business.

The Senator from South Carolina [Mr. JOHNSTON] is absent on official committee business.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on official business, having been appointed a representative of our Government to attend the International Labor Conference being held in Geneva, Switzerland, and if present would vote "nay."

The Senator from Florida [Mr. SMATHERS] is absent because of illness.

Mr. SALTONSTALL. I announce that the Senator from Montana [Mr. ECTON], the Senator from Massachusetts [Mr. LODGE], and the Senator from New Hampshire [Mr. TOBEY] are absent on official business. If present and voting, the Senator from Massachusetts [Mr. LODGE] and the Senator from New Hampshire [Mr. TOBEY] would each vote "nay."

The Senator from Pennsylvania [Mr. MARTIN] is absent because of illness.

The Senator from Utah [Mr. BENNETT], the Senator from New Hampshire [Mr. BRIDGES], the Senator from Idaho [Mr. WELKER], and the Senator from Wisconsin [Mr. WILEY] are detained on official business. If present and voting, the Senator from Wisconsin [Mr. WILEY] would vote "nay."

The result was announced—yeas 4, nays 78, as follows:

YEAS—4

Benton Smith, Maine Williams
Dirksen

NAYS—78

Aiken	Green	McClellan
Anderson	Hayden	McFarland
Brewster	Hendrickson	McKellar
Bricker	Hennings	McMahon
Butler, Md.	Hickenlooper	Millikin
Butler, Nebr.	Hill	Monroney
Byrd	Hoe	Moody
Cain	Holland	Morse
Capehart	Humphrey	Mundt
Carlson	Ives	Neely
Case	Jenner	Nixon
Chavez	Johnson, Colo.	O'Mahoney
Clements	Johnson, Tex.	Pastore
Connally	Kefauver	Robertson
Cordon	Kerr	Russell
Douglas	Kilgore	Saltonstall
Duff	Knowland	Schoeppel
Dworschak	Langer	Smith, N. J.
Eastland	Lehman	Sparkman
Ellender	Long	Stennis
Ferguson	Magnuson	Taft
Flanders	Malone	Thye
Frear	Maybank	Underwood
Fulbright	McCarran	Watkins
George	McCarthy	Wherry
Gillette		Young

NOT VOTING—14

Bennett	Lodge	Smith, N. C.
Bridges	Martin	Tobey
Ecton	Murray	Welker
Hunt	O'Connor	Wiley
Johnston, S. C.	Smathers	

So Mr. WILLIAMS' amendment to the amendment of Mr. DOUGLAS was rejected.

Mr. DOUGLAS. Mr. President, I inquire, what is the pending question?

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois.

Mr. DOUGLAS. Mr. President, I yield 5 minutes to the Senator from Alabama [Mr. SPARKMAN].

Mr. MCCLELLAN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MCCLELLAN. How much time for debate is remaining on the Douglas amendment?

The PRESIDING OFFICER. One hour.

Mr. MCCLELLAN. One hour of debate?

The PRESIDING OFFICER. Yes.

Mr. MCCLELLAN. Another parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MCCLELLAN. If the Douglas amendment to strike out section 2 of the bill does not prevail, will that section then be subject to amendment?

The PRESIDING OFFICER. It will be; yes.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WHERRY. Any amendment which is offered, even though the Douglas amendment is now under consideration, would be termed a perfecting amendment, and debate of 30 minutes would be allowed on such an amendment, would it not?

The PRESIDING OFFICER. If it is a perfecting amendment to section 2, it will take precedence.

Mr. WHERRY. So that even though we are now proceeding with the consideration of the Douglas amendment, in the event a perfecting amendment is offered, 30 minutes of debate will be allowed on such amendment?

The PRESIDING OFFICER. Yes.

MUTUAL SECURITY ACT OF 1951

Mr. CONNALLY. Mr. President, will the Senator from Illinois yield briefly to me?

Mr. DOUGLAS. I yield.

Mr. CONNALLY. Mr. President, by request, I ask unanimous consent to introduce a draft of a bill to be known as the Mutual Security Act of 1951. It is a draft of the executive department, and is not in final form. It is subject to modification and amendment by the committee to which it may be referred. I request consent to have printed in the RECORD at this point a statement by myself briefly explaining the bill.

The PRESIDING OFFICER (Mr. PASTORE in the chair). Without objection, the bill will be received and appropriately referred, and the statement will be printed in the RECORD.

The bill (S. 1762) to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing assistance to friendly nations in the interest of international security, introduced by Mr. CONNALLY (by request), was received, read twice by its title, and referred to the Committee on Foreign Relations.

The statement by Mr. CONNALLY is as follows:

STATEMENT BY SENATOR CONNALLY ON INTRODUCTION OF EXECUTIVE DEPARTMENT DRAFT OF THE MUTUAL SECURITY ACT OF 1951

On May 24, 1951, the President recommended to the Congress that it take "another vital step along the road to real security and lasting peace" by the enactment of the mutual-security program.

I am today introducing a draft bill designed to give effect to the President's proposals. The proposed legislation has been prepared by the executive branch of the Government. It is the product of long and careful study by the Defense Department, the Department of State, the Economic Cooperation Administration, the Executive Office of the President, and other interested executive agencies.

The purpose of this bill is to promote the foreign policy of the United States by extending military, economic, and technical assistance to friendly countries. Our assistance is in our national interest because it will enable the free countries to strengthen their individual and collective defenses against the danger which threatens us all.

While the bill I am today introducing has a new title, it builds upon legislation we have approved in the past by bipartisan votes. It covers the European recovery program, the Mutual Defense Assistance Act, Palestine refugees, the Greek-Turkish aid legislation, and a number of other foreign policy matters of considerable importance. Each of these proposals was given careful study in past years by the Committee on Foreign Relations. I can assure my colleagues that the bill which I introduce today will be given close scrutiny and study by the committee. I have urged some of my colleagues on the committee to visit General Eisenhower and other American officers in Europe within the next few weeks so that the Senate may have the benefit of their first-hand reports on the prospects of building the defenses of the free world.

I have had some hesitancy in introducing this bill because I have not had time to study its terms, not only with respect to the amounts of money involved but also from the viewpoint of administrative and operating provisions of the bill. My full-time occupation for the past 7 weeks has been with

the hearings relative to the issues raised by the recall of General MacArthur. It has seemed to me, however, that in view of the great importance of this proposal that the administration's draft bill should be formally before us. I consider the bill a working paper for the use of the committee. I, of course, reserve my right to propose changes in this draft bill as the result of careful study of its provisions and of hearings which must be held before we can act upon it.

In conclusion, I want to remind my colleagues that this proposed legislation embodies the best judgments of the executive branch of our Government as to what the security of the United States requires during the next year in the way of help to our friends abroad. The men who have worked out these proposals have done so from a non-partisan point of view. In fact, I am sometimes impressed in my talks with representatives of the Department of State that there appear to be so many Republicans in the Department.

I hope that we in the Senate will approach this legislation from a nonpartisan point of view. The times are too dangerous, the stakes are too high, for any Member of this body to consider the proposed program from any other point of view than that of the vital interests of the United States.

EXTENSION OF DEFENSE PRODUCTION AND HOUSING AND RENT ACTS

The Senate resumed the consideration of the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

Mr. HUMPHREY. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WHERRY. As I understand, a limitation on debate is in effect, and the Douglas amendment is the pending question. Is my understanding correct?

The PRESIDING OFFICER. It is.

Mr. WHERRY. A Senator who wishes to speak must have time yielded to him by either side, must he not?

The PRESIDING OFFICER. Yes.

Mr. DOUGLAS. Mr. President, I yielded to the Senator from Texas with the understanding that the time which he took would not be deducted from my time.

Mr. MAYBANK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MAYBANK. I do not like to differ with my good friend from Illinois, but the time for debate is limited. Only 30 minutes of debate is now in order on my side. I have had requests already for more than 30 minutes, and I have had to refuse some of the requests.

Mr. DOUGLAS. May I ask whether the time taken by the Senator from Texas [Mr. CONNALLY] was deducted from my time?

The PRESIDING OFFICER. It was, but it amounted to no more than half a minute.

Mr. DOUGLAS. If time taken on extraneous subjects is to be charged to my time, I shall not yield further. I now yield 5 minutes to the junior Senator from Alabama [Mr. SPARKMAN].

Mr. SPARKMAN. Mr. President, the provision in the bill which the Douglas amendment seeks to strike out is often spoken of as a provision to prevent a roll-back of meat prices. I believe there has been a great deal of misunderstanding about it. It is not so limited at all. It goes across the board. It applies to all products upon which prices may be placed, and it relates not solely to roll-backs in the sense we usually think of them. It relates to the setting of price ceilings of every kind. Briefly, it provides that after the enactment of the section, no ceiling shall be set which shall be lower than the prices prevailing on one or the other of two different dates. It shall not be lower than, first, the price which prevailed immediately prior to the setting of the price ceiling, or second, the price which prevailed between January 25 and February 24, 1951.

Some newspaper columnists have said that it represented a combination of farm interests and others in an effort to kill the roll-back of beef prices. As a matter of fact nothing could be farther from the truth.

The provision in the bill, as now written, could be one of the most dangerous provisions which could be enacted so far as the farm interests of the country are concerned. On the surface it would seem to be of benefit to farmers. It appears to be advantageous largely because it definitely would prevent roll-backs on live cattle prices now scheduled to go into effect on August 1 and October 1, and because it seemingly would prevent roll-backs on other farm products.

A closer study of the probable effect of the provision on the prices of the consumer goods and producer goods that farmers have to buy and on ceiling prices for farm products during the entire period the provision would be in operation indicates that there may be long-time disadvantages which would more than offset these temporary advantages.

The proposal is likely to encourage price increases in commodities other than farm commodities. This will materially affect the farmer because he must buy a wide group of consumer goods, such as clothing, items required in household operations, and household furnishings, and a wide variety of producer goods, such as motor supplies, farm supplies, farm machinery, fertilizer, building and fencing materials. Today the farmer is buying at inflated prices the clothing for his family, his shoes, his burlap bags, his fencing material, and the thousand and one things which go into the economy of a farm. Under manufacturer's orders issued recently by the Office of Price Stabilization, plans have been made for the roll-back of some of these inflated prices. Thus, there is in process a regulation which would reduce the price of used burlap bags. If these roll-backs are prevented by the proposal and, at the same time, the Price Administrator must take action to increase prices of some firms to bring them in line with prices of others, then the farmer's cost of production and his cost of living are bound to go up. Such an increase will mean

a squeeze on the farmer. It will tend to distort the fair relationship between farm prices and prices of other commodities which we have sought to achieve under the present legislation.

These increases in prices of manufactured commodities will definitely affect the index of prices paid by farmers—the index the Department of Agriculture computes monthly in connection with the determination of parity prices. If prices of manufactured products cannot be rolled back, the index of prices paid is likely to increase more than appeared likely without the restrictions. With farm prices weakening, there thus is a definite possibility of a lowering in the parity ratio—the ratio between the average prices farmers receive for commodities and the average prices paid by farmers.

The proposal also would tend to place domestic producers in a less favorable position than producers in foreign countries. All of us know that prices of imported commodities went up much higher and much faster than domestic prices did. Because of their importance to the defense effort, it was necessary temporarily to pay high prices for imported goods, with the hope that once we were over the hump, prices of imported commodities could be rolled back. The proposed amendment would preclude this action.

So far as farm commodities are concerned, the proposal may have a result, during the course of the next year, directly the opposite of the one the proponents of the amendment hope to achieve. Under the proposal, the Congress would be establishing a new criteria for use of the Price Administrator in establishing ceiling prices. He would be authorized to use as a guide the lower of the price prevailing prior to the time the ceiling is put into effect, or the price prevailing during January 25–February 24, 1951. Consequently, if prices of farm products decline during the year, the Price Administrator could well take the position that Congress specifically has authorized a roll-back in the price to the lower of these two levels to the extent that this ceiling still was above the legal minimum. Price declines are a possibility in the case of some commodities, such as cotton, where farmers are increasing production substantially as part of our all-out defense effort. This proposal thus might have the effect of penalizing producers of these crops, instead of giving them price protection. Without this proposal, the Price Administrator would be bound only by the more general guides to ceiling prices contained in the Defense Production Act, such as the legal minimum provisions of section 402 (d) (3) and the general considerations required under section 401 (c), and he still might roll back prices. However, each case would have to be justified on the basis of the facts at the time when the roll-back is proposed. The Price Administrator would not be able to use any set periods, such as are proposed in this new provision, solely on the grounds that this period was authorized by the Congress. Mr. Presi-

dent, not only do I believe that under the language of this bill the Price Administrator could say that the Congress had authorized that, but I think it would actually serve as an invitation to the Price Administrator to do so.

So far as the future is concerned, and the possibility that farm prices may decline during the coming year, we know that in some cases they are bound to decline. All we have to do is watch the markets day by day, to know that farm prices are going to decline. They are declining now. I have just been looking at the cotton futures quotations in the New York Times today. As soon as the new crop comes in, it is predicted that the price will fall to 36 cents.

A similar situation applies in the case of many other commodities; and this proposal will be an invitation to change the ceilings to the lower price levels.

Mr. DOUGLAS. Mr. President, I yield 4 minutes to the junior Senator from Michigan [Mr. MOODY].

Mr. MOODY. Mr. President, during the period between the invasion of South Korea June 25, 1950, and January 25, 1951, as all of us know, there was a swift upward movement of prices in the United States, and that upward movement was very uneven. An appeal was made by the President to hold the line on prices by voluntary means. Many business concerns acceded to the President's request, considering it their patriotic duty to do so. However, other businessmen did not follow that appeal; to the contrary, they increased their prices. The result was that, in general, the price levels rose very rapidly.

When the so-called freeze was imposed on January 25, it was then announced that it was a temporary and tentative order, as a move to stop the inflationary spiral where it was then, and to adjust the various inequities and unevennesses in prices which had developed since the invasion of Korea. In some cases the necessity for rolling prices forward was contemplated, and in other cases the necessity to roll some prices back. That process is now going on.

If the bill as reported by the majority of the committee is passed without including in it the Douglas amendment, the result will be that the inequities which have resulted because some businessmen held their prices in line, while others refused to do so in a time of emergency, will either be frozen by law or else we shall have, because of the adjustment of those inequities, a general, wholesale price increase, which has been estimated by the Director of Stabilization, Mr. Johnston, at about 6 percent. As the Senator from Connecticut [Mr. BENTON] demonstrated yesterday, that would mean a probable increase of 8 percent in the cost of living.

I should like to point out that under those conditions it would be impossible to expect that the wage stabilization line which has been established could be held at its present level, and therefore unless we were ready to say that we were prepared to freeze the obviously gross inequities into our price structure, we then would be writing them automatically into the law.

Mr. Johnston has written a letter to the majority leader, a copy of which I have received. It is brief, and I should like to read it, because I think it expresses the situation which would result in the United States if the Senate should fail to adopt the Douglas amendment. Mr. Johnston says:

Nothing that has occurred since I became Administrator of the Economic Stabilization Agency has disturbed me more than the approval by a majority of the Senate Committee on Banking and Currency of the so-called anti-roll-back amendment to the Defense Production Act.

I am disturbed because the amendment would permit only roll-forwards and not roll-backs in prices.

Many business concerns increased their prices enormously following the Communist aggression in Korea, while others heeded the request of the Government to hold prices.

Mr. Johnston goes on to say that in common justice there ought to be some roll-forwards for companies which were unfairly hit, and in other cases there should be roll-backs. He says that if the Douglas amendment is not adopted there will be an increase of from \$10,000,000,000 to \$12,000,000,000 in the present cost-of-living level.

Mr. President, it seems to me that the Douglas amendment is the most important thing we shall vote on today, or perhaps the most important thing we shall vote on this year, because it goes straight to the heart of the question of whether we are to have a firm and sound stabilization program or whether we are not going to have such a program.

I hope the Senate will vote to adopt the Douglas amendment.

Mr. MAYBANK. Mr. President, I shall take a few minutes of my time, and then I shall yield to the Senator from Illinois.

Mr. President, I am not going to speak at length of my opposition to the amendment because of the confusion it would cause to the business people of America, and because of the many orders which would have to be issued in order continually to roll back prices on some sort of basis under the present law.

Last September the Senate passed the control law, and prices were frozen in January of this year, and roll-backs were put in effect in May. This amendment offered by the Senator from Illinois would permit the continuation of roll-backs to a level which, taking into consideration the increases in wages and so forth, could be figured out based on the period of May-June 1950.

I wish to call the attention of the Senate to the most important feature of the amendment, namely, its effect upon the corporations of the United States and their taxes. I shall not differ with the Senator from Michigan [Mr. MOODY] when he says that there are present inequities which may be frozen. I hope and pray that someone will find some solution to that problem, so as to be able to do away with inequities which may be frozen. However, I have always been fearful that this bill might be used as a means to defeat the collection of taxes. I have always been opposed to interfering with the House Ways and Means Committee or the Senate Finance Committee in their handling of the tax problem. I do not think this bill should

be used as a means for the limitation of profits, and the Record clearly shows that to be the intent of Congress.

I take it for granted that Mr. Johnston's statement is correct. I have no quarrel with Mr. Johnston. I am sorry he did not do earlier what he now proposes. He suggests that they intended to roll back prices approximately \$1,000,000,000 in building materials alone. Who is to pay the bill? These figures have been checked as carefully as possible by Mr. Stam, of the Joint Committee on Internal Revenue Taxation; and Mr. McKenna, whom the Senator from Georgia was kind enough to permit to assist me in the work of the committee, has prepared a memorandum. I wish to read what Mr. McKenna has said. It would require a very long time to substantiate in detail the figures here cited, but I have the material here to do it. In his memorandum, Mr. McKenna states:

The OPS estimates a net roll-back of \$1,000,000,000 on building material prices will result from Ceiling Price Regulation 22.

I do not know what great good that would do the housewife. I think I am as much a friend of the housewife as is any other Senator, but the principal items which would be the subject of roll-backs include various building materials, the price of which the Government itself increased.

Referring to regulation 22, Mr. McKenna says:

Taking this as an example, estimates I have received from the Joint Committee on Taxation indicate that this would result in a loss of about \$450,000,000 in Federal taxes at the rates in the new tax bill just passed by the House. If this loss results, it will have to be made up because of the great increase in military appropriations alone. It can be made up only in two ways.

1. There will have to be another increase in tax rates. If this takes place in corporate tax rates, the increased tax will be passed on to the consumer.

That is because the law gives the corporations whose taxes would be increased the right to increase their prices. I continue:

If the increase is obtained from greater taxes on lower-income people, the consumer will have to pay it directly.

For every cent the housewife saves, her husband will pay much of that in taxes, if it is left to the consumers to pay it. I continue:

In either event the consumer will ultimately pay the increase in taxes. So he will not be saving as much as he would expect because of any roll-back in prices.

2. The second way the Treasury can obtain money is by issuing Government securities. As we all know, this is very inflationary and expands the credit base by 4 or 5 times under current bank reserve requirements. This cheapens the value of every dollar held by the consumer, as well as all other dollars.

In any event, it is clear that the consumer will not make any great saving from roll-backs. The above example involves only a single roll-back item.

That is only one. It was the order of January 2. I continue:

This is far less than the total possible roll-backs that may be made under the present law by the OPS. Just remember that

for every billion dollars in roll-backs, the Treasury loses \$450,000,000 in taxes.

According to the best statistics I could obtain, the loss would be \$450,000,000, and, in addition to that, 75,000 firms, I understand, would be subject to roll-backs. Imagine the bookkeeping, imagine the business confusion. In the future, how could a man make a contract regarding almost any commodity if he did not know whether he would be subject to a roll-back? Think of the inconvenience to business people which would result from roll-back orders. Think of the confusion. Remember that the consumer will pay the taxes, if the roll-back is ordered, insofar as manufacturers are concerned. I hope somebody may devise a way to obviate some of the inequity which would result.

I cannot understand how the Senate of the United States would permit a continuation of the present law, which gives the power to an administrator in Washington to roll back not merely beef prices, but other prices. That is not possible under the provision of the bill reported by the committee. The amendment would affect all prices. The committee did not make fish of one and fowl of another.

I have endeavored to show the effect of the Douglas amendment upon American business.

Mr. GEORGE and Mr. FLANDERS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from South Carolina yield; and, if so, to whom?

Mr. MAYBANK. I yield first to the Senator from Georgia.

Mr. GEORGE. Mr. President, not only would the roll-back result in a direct Treasury loss, which is not overestimated by the staff—

Mr. MAYBANK. The staff was conservative.

Mr. GEORGE. Yes; extremely conservative.

Mr. MAYBANK. I wanted to be on the conservative side.

Mr. GEORGE. Not only would the roll-back result in a direct loss to the Treasury, but, if the theory is adhered to that we can regulate prices by controlling and regulating profits, the result would be to cut further into the Federal revenues.

Mr. MAYBANK. Where, then, would we be able to get the revenues?

Mr. GEORGE. They would be seriously depleted. And if the roll-back principle is left in this bill, it will virtually stagnate business. I may say it is doing so now, in more than one line of business, in the Southeastern section of the country.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield to the Senator from Vermont.

Mr. FLANDERS. The Senator from South Carolina will remember, I think, that I was among those—as I believe he also was—who were dubious about the possibility of administering the bill which Congress finally passed last year.

Mr. MAYBANK. The Senator is correct. It was not administered until January, though it was passed in September.

Mr. FLANDERS. In that time there

was a period of confusion, in which wages were increased and prices were increased. Many prices which were increased speculatively have since decreased. The wage increases remain.

If I may, I want to say a word regarding the confusion of business organizations.

Mr. MAYBANK. I am glad to yield to the Senator from Vermont. How much time does he desire?

Mr. FLANDERS. One minute.

Mr. MAYBANK. I yield 1 minute to the Senator from Vermont.

Mr. FLANDERS. I may simply say that I know of one business firm, not of great size, which, because of the threat of a roll-back to June, was required to engage the services of five certified public accountants and six clerks over a period of 2 months. I hope, for the sake of that firm, and every other business similarly involved, that roll-backs will not be made to January prices.

Mr. MAYBANK. Let me remind the Senator that it is stated by the best economists, and by the Government itself, that the prices since Korea, shortly after which the control law was passed, have increased \$17,000,000,000. There is a desire now to roll back one-seventh of it in the example I gave earlier.

Mr. BRICKER. Mr. President, will the Senator yield for a question?

Mr. MAYBANK. I yield to the Senator from Ohio.

Mr. BRICKER. I merely wanted to ask one question. It was called to our attention, by the letter of Mr. Eric Johnston of June 26, which the chairman placed in the RECORD today, that the military would have to pay higher prices if section 2 were not stricken from the bill. Inflation has already exacted a tribute of \$7,000,000,000 of the \$35,000,000,000 appropriated by the Congress this fiscal year, he says. I merely want to ask the chairman if the RECORD does not show that the military purchases, until within the past month or 6 weeks, have not been in anywise subject to price control.

Mr. MAYBANK. The Senator is correct.

Mr. BRICKER. And practically all the purchases have been made under negotiated contracts, not made on bid.

Mr. MAYBANK. The Senator is correct.

Mr. BRICKER. Practically all of this cost is for original units, or for improvements or for changes in items which have been heretofore purchased.

Mr. MAYBANK. That is correct. The contracts can all be negotiated, as the Senator knows.

Mr. BRICKER. That is correct, and the unit prices will go down, as mass production increases.

Mr. MAYBANK. That is correct.

Mr. AIKEN. Mr. President, will the Senator from South Carolina yield for a question?

Mr. MAYBANK. I yield to the Senator from Vermont.

Mr. AIKEN. I am sure the Senator from South Carolina listened to the reading of the letter from Mr. Charles Wilson, in which he charges \$7,000,000,000 additional cost of armament to infla-

tion. Does not the Senator from South Carolina agree that inflation is the result of the exorbitant prices paid by the Government for goods, rather than the cause of it? Certainly the Government itself started the inflationary movement.

Mr. MAYBANK. I have said on the Senate floor heretofore that the Government was paying too much under the program. It was paying Canada too much for copper, several years ago. The Senator remembers that. I said the Government paid too much for copper, too much for tin, and also too much for rubber. Of course, the currency of the exporting countries was not used in order to purchase the materials which were needed. Instead, the Government of the United States paid for them with dollars.

Mr. AIKEN. Is it not a fact that the great corporations with which the Government is dealing today are virtually fixing their own prices on the things they sell to the Government?

Mr. MAYBANK. The Senator is correct.

Mr. AIKEN. In my opinion, today, a few corporations are running the Government, both the political end of it as well as the economic end of it.

Mr. MAYBANK. I do not know about that, but I do know that some corporations, as the Senator well said, have negotiated contracts with the Government.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois [Mr. DOUGLAS].

Mr. DOUGLAS. Mr. President, I yield 5 minutes to the senior Senator from New York [Mr. IVES].

The PRESIDING OFFICER. The Senator from New York is recognized for 5 minutes.

Mr. IVES. Mr. President, I can well understand the attitude of those who feel that the Office of Price Stabilization should not be left with the authority to roll back prices, which would be retained in any extension of the Defense Production Act of 1950 if section 2 were to be eliminated from it. In fact, I first voted in committee in favor of section 2 as it is written in Senate bill 1717 because it seemed to me that the limitation on price roll-backs contained in this section might be conducive to clarifying and stabilizing a situation which has been and still is very foggy and uncertain. I voted for it because the Office of Price Stabilization has had 5 months in which to do all the rolling back of prices it desired to do, and it seemed to me that such a period of time should have been ample for the effectuation of any roll-backs which may have been or are justified and necessary. I voted for it with the realization that roll-backs could still be made until July 1. I voted for it hoping that its adoption would encourage greater production.

Since that time, however, my attention has been called to certain aspects of the price- and wage-control problem which I had not appreciated in the first instance. For one thing, increased production of consumer goods is out of the question in those areas of production where there are shortages of materials

for such purpose. Moreover, it would appear that the enactment of this bill with the present section 2 in it either would do a great injustice to and work a real hardship on many businesses in the country, which last year voluntarily held prices down and thus would be caught in an inequitable and, in many instances, damaging freeze, or the enactment of this bill, without section 2 removed, would require in all justice that these same businesses be authorized to raise their prices in line with price increases in other industries with which they are connected or by which they can be or are adversely affected.

In conversations with Mr. Eric Johnston I have learned that such an adjustment upward would mean an average manufacturers' price increase of from 5 to 6 percent; such an increase would clearly mean an even greater percentage increase in retail prices to consumers.

By this process another round of wage increases would be provoked, which would probably necessitate that the formula percentage be raised from the 10-percent level which exists at the present time to as much as 15 percent; and again, I may say, I received this information from Mr. Johnston. In other words, another price rise would inspire another wage rise, and we would again be on our way along the spiraling path of inflation, as pointed out in the letter from Mr. Johnston which has been read by the clerk today. The truth of the matter is that in such circumstances we are not going to be able to raise new taxes rapidly enough or in sufficient amount to offset the dwindling value of the dollar.

This situation cannot be tolerated, and I am convinced that no action which may be taken by the Congress at this time would go further toward knocking out any present semblance of restraint over runaway inflation than would be the inclusion of section 2 of the bill before us in any measure extending the Defense Production Act of 1950 which may be enacted.

Mr. President, the most vital interest of both consumer and producer dictates that section 2 of the bill be rejected.

Mr. DOUGLAS. Mr. President, I yield 4 minutes to the junior Senator from New York [Mr. LEHMAN].

The PRESIDING OFFICER. The junior Senator from New York is recognized for 4 minutes.

Mr. LEHMAN. Mr. President, I trust the Senate will approve the Douglas amendment, of which I am proud to be a cosponsor. I hope the amendment will permit remedial action in a wide field. I shall, however, speak with reference to only one commodity.

This amendment in striking out the six lines of the committee bill comprising section 2, will permit the administration to go through with its pledge to the American people to roll back the prices on the one food article, beef, which is the dietary staple of the American workingman and of the average American family. This amendment means more, in a more direct manner, to the American housewife than any other proposal before us. By our vote on it the Senate

and the Congress will largely be judged.

I would not want to be unfair to any producer, to any cattle grower or feeder. If there are cases in which the proposed roll-backs would work a demonstrated hardship, some means can be found—legislatively or administratively—to ease that hardship. But to try to ease the hardships by preventing the roll-backs—by preventing all the projected roll-backs—is like throwing out the baby with the bath water.

While the roll-backs might be unfair to a few individual feeders, a possibility of which I am not thoroughly convinced, section 2 of the committee bill works a hardship on the entire American public. It is the height of economic folly to propose that because some feeders are caught in an alleged squeeze we should let all the rest of the industry—growers, feeders, and processors—make an excessive profit. It strikes me, as it strikes the American public, as being unconscionable to reject by legislative action a roll-back which is long overdue, a roll-back to a price level which will still stand at 125 percent of parity.

If we are thinking of the relatively small number of individuals who might be slightly squeezed by this roll-back, let us also think of the millions of Americans of fixed income—widows living on pensions and annuities, workers who are retired on pensions, and vast numbers of white-collar workers living on fixed salaries—whose meager incomes have been drastically cut by the inflation of the past year. What are we doing for those people? It is true that they have not been writing many letters to us in Congress, they are tired of writing letters; but, if our goal is to do justice, it would be better to turn our attention to the plight of these individuals than to use the congressional authority to prevent the roll-back in beef prices to a level of 125 percent of parity, which, under all circumstances, is a profitable price.

A proposal for differential subsidies to take care of high-cost feeders and other high-cost producers and still permit such roll-backs as the ones on beef was recommended by the President. That amendment was not reported by the committee. I have submitted such an amendment, and invite all those who are sincerely concerned over the plight of the high-cost cattle feeders to rally to its support.

Mr. President, I cannot conceive that the Douglas amendment will be defeated. I cannot conceive that the consumers of this Nation will be refused the relief they require. The Douglas amendment must be approved.

Mr. O'MAHONEY. Mr. President, a parliamentary inquiry, with the understanding that it shall not come out of the time of the Senator from Illinois.

Mr. DOUGLAS. Mr. President, I yielded earlier in the discussion to the Senator from Texas [Mr. CONNALLY] and discovered that the time which he took was deducted from my time. I should like to ask unanimous consent that I may yield to the Senator from Wyoming without having the time taken by his remarks charged against my time.

The PRESIDING OFFICER. Is there objection?

Mr. MAYBANK. Reserving the right to object, it can be taken out of my time, because I have considerable time remaining.

Mr. DOUGLAS. The Senator from South Carolina is typically gracious in this matter, and I thank him.

Mr. O'MAHONEY. Mr. President, I think we have already consumed more time than my parliamentary inquiry would have consumed.

I desire to offer an amendment to the amendment of the Senator from Illinois which would be in the nature of a substitute. The committee amendment which he seeks to strike out provides that no ceiling shall be placed upon any commodities after a certain date. The amendment which I wish to propose would permit the roll-back authority which the Senator from Illinois seeks to preserve upon all commodities except cattle, sheep, and meat products therefrom. My parliamentary inquiry, therefore, is whether or not, when I offer my amendment, I may have the time which is set forth in the unanimous-consent agreement.

The PRESIDING OFFICER. Thirty minutes of debate will be allowed.

Mr. O'MAHONEY. Then I shall reserve my remarks until after the Senator from Illinois has concluded.

Mr. DOUGLAS. Mr. President, I understand that the Senator from South Carolina [Mr. MAYBANK] does not want to use the remainder of his time.

Mr. MAYBANK. Mr. President, how much time do I have left?

The PRESIDING OFFICER. Sixteen minutes.

Mr. DOUGLAS. I believe I have 10 minutes.

Mr. President, the present price-control law permits the Office of Price Stabilization to roll back certain prices so as to restore the relationship which prevailed in the month prior to Korea. It permits the Administrator in those cases where prices have increased very much more rapidly than costs, and where, therefore, profits are and have been extremely large, to roll back prices so that the normal profit relationship of last May and June may be restored.

Under those powers the Office of Price Stabilization on the 25th of April issued a regulation which was to have gone into effect on May 28, rolling back prices on a wide variety of articles, the sum total of which would have gone into the billions of dollars. For example, the roll-back in building materials was to have been \$1,000,000,000, as against a roll-forward of \$500,000,000, for a net loss to the consumers of \$1,500,000,000; in chemicals, \$300,000,000; in electrical equipment, \$200,000,000; in rubber, \$150,000,000; a 4-percent roll-back in farm equipment would be prevented by section 2; a 5½-percent roll-back in burlap bags, and so on. I assume that probably the potential roll-back under this order would amount to at least \$5,000,000,000.

The Office of Price Stabilization, in order to be fair to business, postponed the effective date of the order to the 2d of July. It would go into effect next

Monday were it not for section 2. Section 2 would prevent any roll-back.

Mr. THYE. Mr. President, will the Senator yield?

Mr. DOUGLAS. No, Mr. President, I cannot yield because I am limited in time.

Section 2 therefore denies to the American consumer these potential roll-backs of billions of dollars which were to have occurred next Monday. It snatches away from the American consumer these reductions in prices which otherwise would happen. But section 2 does something more. It not only prevents the consumer from getting these gains which he otherwise would get, but requires an increase in prices on a wide variety of other goods, because while there are some commodities on which the rate of profit has gone up enormously, there are other commodities where the increase in prices has not been so great as the increase in cost. These prices will advance and probably they should advance.

But that is not all. It will be necessary, I believe, for the Office of Price Stabilization to give to all producers the same profit margins which the most favored producers have received. The prices will move up to the level of the highest profit margin. Therefore, there will be a tremendous increase in prices, the precise amount of which cannot be stated, but which will probably be 5 or 6 percent, and may indeed go above that level. That money will be taken out of the pockets of the American consumers. Instead of the savings which they otherwise would have obtained, there will be a further deduction from the pocket-books of the American families and the result will be a decrease in their purchasing power and an inevitable demand for an increase in wages.

The Senator from South Carolina [Mr. MAYBANK] and the Senator from Georgia [Mr. GEORGE] said that if the roll-backs went into effect, the profits of speculators would be diminished, and therefore they would not be able to pay as large an amount of taxes into the Treasury as they otherwise would. If we carry that reasoning to its logical conclusion, the way to obtain taxes is to permit the speculators to make as large profits as possible.

Mr. MAYBANK. Mr. President, will the Senator yield to me in my time?

Mr. DOUGLAS. I shall be glad to yield on the Senator's time, but not on my time.

Mr. MAYBANK. I am glad to give the Senator time. But I certainly did not suggest that speculators and gamblers be the beneficiaries. I spoke of business corporations. I do not think the Senator from Georgia intimated that speculators and gamblers would be the beneficiaries. He referred to the business of the country.

Mr. GEORGE. I will tell the Senator from Illinois that the textile mills in my State are now running on 3 days' time a week. The laborers in the mills are suffering, and many of them have had to supplement their salaries by asking for relief.

Mr. FREAR. Mr. President, will the Senator yield to me in my time?

Mr. DOUGLAS. Not in my time.

Mr. FREAR. No; in my time.

Mr. DOUGLAS. Does the Senator from Delaware have any time?

Mr. FREAR. I doubt it.

Mr. MAYBANK. Mr. President, how much time does the Senator from South Carolina have left?

The PRESIDING OFFICER. Fourteen minutes.

Mr. MAYBANK. If the Senator from Illinois wants 5 minutes, I shall be glad to let him have it.

Mr. FREAR. Mr. President, I will take 1 minute of that time. Will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. FREAR. I will ask the Senator from Illinois why the date of July 2 was set for the roll-backs he has mentioned.

Mr. DOUGLAS. It was set in order to give business time to adjust itself. The original date was the 28th of May, but the time was postponed until July 2, in order that business might have some time to adjust itself. Other manufacturers' regulations, for such things as apparel and shoes, are scheduled to take effect on subsequent dates. OPS was trying to play fair.

Mr. FREAR. The act will expire on June 30. Then why was July 2 fixed as the roll-back date?

Mr. DOUGLAS. I believe OPS thought Congress would be wise enough to retain the roll-back provision. I do not think it occurred to reasonable, sensible men that Congress would cancel the roll-back provision.

Mr. FREAR. It seems to me that the roll-back would have been ordered into effect at an earlier date if those in charge had done what it was the intention of Congress they should do.

Mr. DOUGLAS. Actually, they had carried out that intention, and had planned to put these roll-backs in effect on May 28. But to be more fair to industry, they delayed the action.

I may say that the freeze came in January; that the OPS then made a study of the situation in a wide variety of industries before the roll-back order was issued. Throughout they have been trying to be fair, I believe, to American industry, and now the consumer will be heavily penalized if the projected roll-back is eliminated.

Mr. THYE. Mr. President, will the Senator yield?

Mr. DOUGLAS. May I proceed?

Mr. THYE. Mr. President, will the Senator from South Carolina yield to me of his time that I may ask the distinguished Senator from Illinois a question?

Mr. MAYBANK. I am glad to yield of my time to the Senator from Minnesota.

Mr. THYE. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. Yes; I yield.

Mr. THYE. I believe I understood the Senator from Illinois to state that there would not be a roll-back in the price of burlap bags. Am I correct in my understanding?

Mr. DOUGLAS. That is my understanding.

Mr. THYE. I must remind the distinguished Senator from Illinois that burlap bags are made from jute, and that the Government itself buys all the jute from India; therefore, the Government has control of the price from the very time the Government makes an offer for the jute.

Mr. DOUGLAS. I should have said, "used burlap bags."

Mr. THYE. I also call attention to the fact that the Senator from Illinois referred to rubber. Again, the United States Government buys all natural rubber, and has control of all the synthetic rubber. I wonder why the Government does not exercise its power of rolling back the price of rubber, when it controls rubber from the beginning to the end?

Mr. DOUGLAS. If the Senator from Minnesota will be a little more charitable to the Senator from Illinois, he should realize that what I meant was rubber goods in whose fabrication raw rubber is used.

Mr. THYE. Mr. President, I believe the Senator from South Carolina will allow me sufficient time to ask a further question. How is the businessman going to roll back the price of the finished rubber goods when the Government has control of what he is going to pay for the rubber, whether it be natural or synthetic?

Mr. DOUGLAS. I believe that rubber has broken 14 cents a pound and this lower rubber price should permit the Government to reduce the price of rubber goods produced in the future. This will be prevented if we pass section 2. I may say the same statement applies to textiles, because, as the Senator may know, the spot price of cotton is now 45 cents a pound, but the cotton future price for textiles is 36½ cents a pound. If I am correctly informed, the textile mills are making contracts for cotton cloth based on 45-cent cotton, which will be fulfilled, however, in cotton purchased at 36½ cents. If the price of textile goods is prevented from being rolled back, that will give a speculative profit of 8½ cents a pound to the textile mills, or \$42.50 a bale. There are hundreds of millions of dollars at stake in textile purchases alone.

Mr. LEHMAN. Mr. President, will the Senator yield for a question?

Mr. DOUGLAS. I yield.

Mr. LEHMAN. Is it not possible that the high prices at which textiles are now being sold, when we know that the price of cotton futures has declined, is the explanation for the statement made by the distinguished Senator from Georgia [Mr. GEORGE], that the mills of his State are working only 3 days a week?

Mr. DOUGLAS. I think it may well be.

Mr. GEORGE. No, Mr. President. That is not the reason at all. The reason is that buyers will not buy the products of the mills because prices may be rolled back next week, next year, or next month. Therefore businessmen simply quit doing business.

Mr. DOUGLAS. If I may carry the argument of the Senator from South Carolina and the Senator from Georgia to its logical conclusion, it is this: Allow the manufacturers and producers to make as large profits as possible. Allow the real purchasing power of the American consumer to be diminished as much as possible, and then, out of the large profits, let the producers split 50-50 with the Government by paying income and excess profits taxation. I would prefer to have \$2 in the pocket of the American consumer than to have \$1 in the pocket of the producer and \$1 in the pocket of the Government. The tax dollars would be an illusory gain moreover because the increase in prices will send up the total cost of the budget and require the levying of more taxes.

The Office of Price Stabilization is working under great difficulties. But if we deprive it of the possibility of rolling back prices, we not only decrease possible savings to the consumer, but we increase the money losses which the consumer will suffer.

I hope very much that my amendment will be adopted.

Mr. MAYBANK. Mr. President, I wish to make a statement in connection with what the Senator from Georgia [Mr. GEORGE] said. He stated that some of the mills in his State are working only 3 days a week. The same situation prevails in the Carolinas. Many of the mills are on short time. That brings suffering to the textile workers in my State.

Section 2 of the bill would not prevent the textile mills from selling goods cheaper. It would prevent only the establishment of a ceiling. The reason why the textile mills cannot sell their goods, as I understand, is principally that they do not know what kind of contracts to make. They do not know what prices are going to be rolled back and what are not.

Any Senator who was a Member of this body during the last war, from 1942 to 1946, knows that a great many weird ceilings were established on textiles. The mills stopped making certain types of goods which were needed and went into the production of fancy goods, such as fancy striped shirts instead of plain shirts, and short-tailed shirts, shirts with tails so short that one could not sit on them. I speak the literal truth. The Senator from Georgia and other Members who were Members of this body at that time know that was the result. It was ridiculous.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. LEHMAN. I understand that the price of spot cotton today is 45 cents.

Mr. MAYBANK. July futures are 45 cents. There is not much spot cotton. The crop was short.

Mr. LEHMAN. If anyone demands delivery on his option, he can get it. October options are selling at 36½ cents a pound.

Mr. MAYBANK. The Senator is correct.

Mr. LEHMAN. A difference of 8½ cents. I ask the Senator from South Carolina for information. I am not informed on this subject. If this amend-

ment were adopted, could the price of cotton at 36½ cents instead of at 45 cents be rolled back?

Mr. MAYBANK. I do not think it would be necessary. I think the textile mills would be able to sell cotton goods. What the cotton people are worried about is having a floor on cotton, not a ceiling. We are going to have a crop of 16,000,000 bales of cotton, with the permission of the Lord. So there will be no concern about ceiling prices.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. DOUGLAS. Is it not true that contracts with the cotton mills for delivery have been made on the basis of an estimated 45-cent cost?

Mr. MAYBANK. I will say to the Senator from Illinois that I do not know what the cotton-mill contracts are; but knowing a little about business, my judgment is that the contracts would be made on the October, November, December, and next March prices. That is the way it has always been.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. LEHMAN. Let us assume that the demand for cotton goods becomes very great, as might very well be the case, and the manufacturers, with a limited output, can sell everything they can produce. They do not have to take into account the price of the raw materials which go into the manufacture of their textiles. They will be able to sell at whatever the traffic will bear. There will be no recourse, no way of rolling back prices, even though there may be profits beyond the dreams of any manufacturers.

Mr. MAYBANK. The Senator is correct. It would not be possible to roll back prices. But I am still a believer in private competitive enterprise in the United States. There are enough cotton mills in Georgia competing with the cotton mills in South Carolina, New Hampshire, Connecticut, and Alabama to bring prices down. The cotton business is conducted on a purely competitive basis.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. GEORGE. For the benefit of the distinguished Senator from New York and the distinguished Senator from Illinois, I ask the Senator if there is not a price ceiling on raw cotton.

Mr. MAYBANK. The Senator is correct.

Mr. GEORGE. I ask the Senator if that has not driven the price in America down to a point much below the Mexican market.

Mr. MAYBANK. Let me say to the distinguished Senator from Georgia that Mr. DiSalle put a ceiling price on raw cotton at 45 cents, after a large group of Senators went to see the President. After he put the ceiling price on, I will admit that, because of the increased acreage and the better crop, it has gone down 10 cents a pound. However, the farmers were led to believe that the price would be kept up. It was stated that there would be a great demand for cot-

ton to be used in manufacturing in this country and for export. So the farmers prepared their crops at high wages, high farm-machinery costs, high fertilizer costs, and high taxes. It is an expensive crop. Cotton in the State of Texas sold for 70 cents a pound.

I received from the New York Cotton Exchange approximately 100 contracts. They are in the hands of the committee. I did not print them because I did not want the names of the private individuals to be known. However, any Senator is welcome to see them. American concerns paid 80 cents for the same cotton which was being sold across the Rio Grande, after the ceiling, for 45 cents. Those are the facts. Senators can examine the records.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. LEHMAN. The Senator stated that the ceiling price on cotton was 45 cents.

Mr. MAYBANK. The Senator is correct.

Mr. LEHMAN. Is it not a fact that the Senator from South Carolina or the junior Senator from New York can go to the New York Cotton Exchange and buy cotton at 36½ cents, for delivery in October?

Mr. MAYBANK. The Senator is correct.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. LANGER. Is that true of any other products except cotton?

Mr. MAYBANK. I do not know. I understand that it is true of beef. I have heard a little talk about beef.

Mr. LANGER. Is it true of any grain?

Mr. MAYBANK. No; because, as the Senator who comes from the great Wheat Belt knows, wheat has been below parity.

Mr. CASE. Mr. President, will the Senator yield for a question?

Mr. MAYBANK. I told the Senator from South Dakota that I would yield some time to him to make a statement.

Mr. President, how much time have I left?

The PRESIDING OFFICER. The Senator has 5 minutes remaining.

Mr. CASE. I merely wish to ask a question.

Mr. MAYBANK. I yield first to the Senator from South Dakota, and then I shall yield to the Senator from Nebraska [Mr. WHERRY].

Mr. CASE. I should like to ask the distinguished chairman of the committee if it is not true that there could be a roll-back of prices if the prices during the period from January 25 to February 24 were lower than prices have come to be since that time?

Mr. MAYBANK. At the present time that is correct.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield to the Senator from Nebraska.

Mr. WHERRY. I should like to ask the Senator from South Carolina a question. Before doing so, I wish to state that I shall oppose the amendment of the Senator from Illinois [Mr. DOUGLAS].

I have talked with the Senator from South Carolina several times today, as well as with other members of the committee. If the amendment does not prevail, it seems to me that the language of the provision of the bill as reported, which has to do with agricultural products, must be changed to carry out the intention of members of the committee to establish a point at which to fix a ceiling in the event the market on agricultural commodities goes down. Several Senators have asked me about that subject.

Mr. MAYBANK. The Senator is correct. Several Senators have spoken to me. I understand that there are several amendments on the desk.

Mr. WHERRY. I was reading the amendment of the Senator from Louisiana [Mr. ELLENDER].

Mr. MAYBANK. I understand that the Senator from Arkansas [Mr. FULBRIGHT] also has an amendment.

Mr. WHERRY. None of them clarify the point which we desire to make. So I thought it would be of interest to Senators to know that if this amendment is defeated, a clarifying amendment will be offered. Possibly other Senators have the same idea. I am not sure.

Mr. MAYBANK. I understand that several amendments will be offered, not only to the pending amendment, but to the amendment as amended. The Senator from Wyoming [Mr. O'MAHONEY] stated that he intended to offer an amendment.

Mr. WHERRY. Is the Senator referring to an amendment to the Douglas amendment?

Mr. MAYBANK. That is what I understood.

Mr. O'MAHONEY. Yes. Mr. President, on behalf of the junior Senator from Arizona [Mr. MCFARLAND] and myself, I send to the desk an amendment to perfect the amendment of the Senator from Illinois, and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. In lieu of the matter proposed to be stricken, it is proposed to insert the following:

LIMITATION ON ROLL-BACKS

SEC. 2. Section 402 (d) of the Defense Production Act of 1950 is amended by adding at the end thereof the following new paragraph:

"(4) After the enactment of this paragraph no ceiling price for cattle and sheep for slaughtering, or meat derived therefrom, shall become effective which is below the lower of (A) the price prevailing just before the date of issuance of the regulation or order establishing such ceiling price, or (B) the price prevailing during the period January 25 to February 25, 1951, inclusive."

Mr. O'MAHONEY. Mr. President, I should like briefly to describe the purpose of the amendment. First I should like to say that there is a great deal of misunderstanding of the livestock industry among Government employees and among the public. Many persons in OPS, elsewhere in Government, in Congress, and generally among the population of the country see no reason why meat prices should not be rolled back. They cannot understand that the

production and distribution of meat products is utterly and completely different from that of any manufactured article. First I desire to make that fact absolutely clear.

OPA during World War II made no effort whatever to fix ceiling prices upon live animals.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. O'MAHONEY. Yes.

Mr. MAYBANK. That is equally true with respect to raw cotton. No provision to fix ceiling prices on raw cotton was in effect.

Mr. O'MAHONEY. That is correct.

OPA did not fix ceiling prices on live animals. OPS to date has not attempted to fix ceiling prices on live animals. The reason for it is perfectly clear. If I may be permitted to be facetious, I would say that there is no one in the Senate gallery who could look down upon us and grade the Members of this body for their meat quality, their weight, their grade, their productivity. It is absolutely impossible to grade animals on the hoof. Of course, the result is that when an attempt is made to fix ceiling prices on the butcher's lot, the effect cannot go back to production.

There is still another factor involved. So many individuals are concerned with the grading of livestock that it is utterly impossible for any agency of Government to hire a sufficient number of employees to superintend the transactions which are made. OPS has imposed a quota upon the slaughtering of live animals. It was supposed that such a quota would help in distributing meat among the consumers of the country. However, it takes only a moment's time to realize that when OPS sends out an order to the packers—small packers and large packers alike—to the effect that they may not kill more than 80 percent of the live animals they slaughtered a year ago, the result is a reduction of the amount of meat available for consumers.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. O'MAHONEY. Yes.

Mr. BRICKER. That power is not included in the Production Act, but is a power which is claimed by the Director, Mr. DiSalle, as redelegated authority from the Secretary of Agriculture. Is not that correct?

Mr. O'MAHONEY. The Senator is quite correct. I know that the Senator from Nebraska has an amendment dealing with the subject, which he will presently offer. I should like very much to support it.

The point is that the policy of OPS with respect to attempting to impose ceiling prices upon delivered meat is a complete mistake. It deceives the consumers, who believe that they are going to get lower prices, when the result will be, as was demonstrated during World War II, that there will be a lessening of the meat supply. The animals will be driven away from the slaughterhouses and into the black market. The distribution of meat throughout the United States will be upset. Meat consumers in Chicago, Pittsburgh, Boston, New York, San Francisco, and in all other

large cities will have less meat to eat than they have now. It will all be because of the absolutely and completely demonstrable difference between the production of meat and the production of manufactured articles.

As I stated before the Committee on Banking and Currency, an automobile, for example, is produced according to specifications. A person can go into an automobile shop anywhere in the United States, from coast to coast, from border to border to the gulf, and order a Ford, Cadillac, or Chevrolet, and he will get exactly the same car, because a car is built to specifications. Animals are not raised to specifications. There is no possible way of determining the specifications, and no possible way of determining the meat. When animals which are grown on the range are sent to the feed lot, where from 200 to 400 pounds of meat may be added to them, the meat supply is cut off the minute it is stated that sometime in the future we are going to roll prices back. It is absolutely impossible to expect the feeder to purchase live animals, take them into the feed lot, buy corn and feed them, hold them there for 60, 90, 120 days, or whatever may be the period required, and then try to sell them, if word has gone out that another roll-back is to go into effect.

In that way we reduce our meat supply. Today we are reducing the supply of meat for the consumers of the United States by the overhanging roll-backs in one instance, and in another instance by way of the 80-percent slaughtering quota, which says to the packer, "You may kill only 80 percent as many animals as you killed a year ago." For that reason ceiling prices will not operate with respect to livestock.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. TAFT. I heard the Senator's amendment read, but I did not quite understand one point. Would the Senator's amendment have the effect of nullifying not only future roll-backs on beef but also the past roll-back?

Mr. O'MAHONEY. No; it does precisely what the committee bill does. It preserves the 10 percent roll-back which has been made already. It would permit an additional 2 percent roll-back, but it would cancel the two 2½ percent roll-backs which were proposed.

Mr. TAFT. In other words, the Senator proposes that the committee amendment be modified by having it apply only to livestock, not to anything else?

Mr. O'MAHONEY. The Senator from Ohio is quite correct.

Mr. CASE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. CASE. My question is the same as the question asked by the Senator from Ohio, but, to state it in the words of the Senator from Illinois [Mr. DOUGLAS], the amendment offered by the Senator from Wyoming would be merely a steer amendment, not a Trojan steer amendment. Is that correct?

Mr. O'MAHONEY. The Senator is quite correct. Perhaps the Senator from Ohio [Mr. TAFT] may have misunderstood my answer. I wish to make it perfectly clear that my amendment, which I have offered in the nature of a substitute for the Douglas amendment, would permit roll-backs on manufactured products, but would exempt cattle and sheep from the roll-backs, except to the degree that the roll-backs are preserved in the committee bill.

Mr. TAFT. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. UNDERWOOD in the chair). Does the Senator from Wyoming yield to the Senator from Ohio?

Mr. O'MAHONEY. I yield.

Mr. TAFT. However, the roll-back could apply to hogs and other animals, as well as to cattle and sheep, could it not?

Mr. O'MAHONEY. Yes, but the amendment would not apply to poultry. It would not apply to hogs, because they fall into an utterly different category.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. LANGER. Would a by-product of sheep—namely, wool—also be included?

Mr. O'MAHONEY. No, my amendment does not touch wool.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. AIKEN. Will the Senator state what will become of the 20 percent of cattle that will not be permitted to be slaughtered this year? Has anyone ever seen a satisfactory answer or, in fact, any kind of an answer to that question?

Mr. O'MAHONEY. The result is that they go to the black market.

Mr. AIKEN. They could be carried over, if the farmer wanted to board them for a year.

Mr. O'MAHONEY. Yes; the farmer could spend more money feeding them or boarding them, as the Senator says.

Mr. AIKEN. But after a steer is ready for market and reaches the weight of 1,200 pounds—

Mr. O'MAHONEY. Then the steer ought to go to market.

Mr. AIKEN. And if the farmer is required to carry that steer for another year, it then becomes a boarder.

Mr. O'MAHONEY. That is correct.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. HICKENLOOPER. I am interested in having the Senator from Wyoming discuss the fundamental difference between the application of this proposal to cattle, which are grown prolifically in Wyoming, and its application to hogs, which are grown prolifically a little farther to the east.

Mr. O'MAHONEY. Yes; in Iowa.

Mr. HICKENLOOPER. Of course, in my State we feed more cattle, also, than are fed in any other State in the Union.

Mr. O'MAHONEY. That is correct.

Mr. HICKENLOOPER. Why does not the proposal apply to hogs, when it is applicable to cattle? I agree with the

Senator, insofar as cattle are concerned.

Mr. O'MAHONEY. I consulted some experts on the raising of swine, and they advised me not to include swine. Not having any direct experience with the livestock operations in the State of Iowa, except with the feeders, of course, I thought I would talk about the subjects I know about. So I confined this proposal to cattle and sheep. As I understand, hogs are produced for market usually within the year; so they fall into a different category from cattle, which sometimes take as much as 3 years to be matured for market.

Mr. THYE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. THYE. I thank the Senator for yielding to me.

The fact of the matter is that if any action which Congress takes has a tendency to destroy confidence in the future marketing of livestock, there will be a decrease in the population of beef cattle.

Mr. O'MAHONEY. The Senator is quite correct. The population of cattle is now increasing.

Mr. THYE. That is correct.

Mr. O'MAHONEY. If we permit the incentive to remain, the population of cattle will increase still more.

Mr. THYE. That is correct.

Mr. O'MAHONEY. I should like to add that I listened with a great deal of interest to the Senator from New York, who spoke about the unconscionable profits. I want the Senate to realize that the pending tax bill—

Mr. THYE. Mr. President, will the Senator yield long enough to permit me to round out the thought I had in mind when I requested that he yield to me?

Mr. O'MAHONEY. Very well.

Mr. THYE. I should like to call the attention of this legislative body to the fact that when the raising of sheep was disturbed by the fact that the importations of wool were such that the producers of sheep could not afford to compete, the sheep population dropped, and at the present time we are paying \$1 a pound for raw wool. That is an example of what happens when we destroy the foundation of one segment of the agricultural economy. When the incentive to raise sheep was destroyed by the importation of wool at a lower price than the price which would enable the sheep raisers to raise sheep, there was then a reduction in the number of sheep raised in the United States, to the point where today we are dependent upon imports for wool and for mutton products.

For that reason, the Senator from Wyoming is entirely correct in his argument that if we take any action which will destroy the economy of the beef producers, there will be a decrease in the beef animal production, and that will have an ultimate effect upon the consumers.

Mr. President, if the Senator from Wyoming will yield further, let me say that constant reference is made to meat. However, it is only beef that is above parity. Pork, poultry, eggs, and all other foods related to meat are below parity. For instance, pork is selling at

96 percent of parity, and chickens are selling at 93 percent of parity.

Mr. O'MAHONEY. Mr. President, I should like to interrupt the Senator at this point.

Mr. THYE. Mr. President, I thank the Senator from Wyoming for yielding to me; I appreciate very much his courtesy.

Mr. O'MAHONEY. Mr. President, I did not wish to cut off the Senator from Minnesota, but I wish to refer for a moment to parity.

Parity is a perfectly splendid word; it sounds wonderful, and it carries to those who are not familiar with the agricultural industry the connotation of complete justice. However, the consumers do not realize that the parity formula is a perfectly arbitrary one, based upon the prices which existed during a given period. In the case of some agricultural products, the prices at that time were down. In the case of others, the prices were up. So the parity formula is not a law of the Medes and the Persians, but it is a variable, arbitrary rule which was put into effect at a time when agricultural prices were extremely low.

Today the price of beef is supposedly at 157 percent of parity, only because a new formula was invented for the purpose of making the price of beef seem to be 157 percent of the old parity formula. However, the present formula does not at all correctly indicate the actual situation.

The PRESIDING OFFICER. The time of the Senator from Wyoming has expired.

Mr. MAYBANK. Mr. President, I believe I have 15 minutes. I wish to yield to the Senator from Nebraska. However, there are some Senators who wish to oppose the amendment. Let me inquire whether the Senator from Illinois desires to speak in opposition to the amendment and whether the Senator from New York desires to speak in opposition to it.

Mr. LEHMAN. I should like to have about 3 minutes.

Mr. MAYBANK. Mr. President, I shall yield 4 minutes to the Senator from New York and 4 minutes to the Senator from Illinois, and then I shall yield to the Senator from Nebraska, to permit him to speak on his substitute, in his own time.

Mr. DOUGLAS. Mr. President, first, I should like, if I may, to have the Senator from Wyoming clarify the practical effect of his amendment to my amendment. Do I correctly understand that if the amendment of the Senator from Wyoming to my amendment were adopted, it would be possible for the Office of Price Stabilization to put into effect manufacturing roll-backs?

Mr. O'MAHONEY. That is correct.

Mr. DOUGLAS. But it would not be possible for the Office of Price Administration to put into effect the two scheduled additional price roll-backs on beef. Is that correct?

Mr. O'MAHONEY. That is correct; but the OPS would—under the formula which comes from the committee—be able to impose, as I understand, another

2-percent roll-back, in addition to the 10-percent roll-back which already has been put into effect, and which was primarily beneficial to the packer, not to the consumer.

Mr. DOUGLAS. If that is the actual effect, this amendment to my amendment may not be so bad.

However, as I read the amendment which the Senator from Wyoming has offered to my amendment, it will not be possible to roll-back prices "below the lower of (A) the price prevailing just before the date of issuance of the regulation or order establishing such ceiling price, or (B) the price prevailing during the period January 25 to February 24, 1951, inclusive."

The January price did not include the 10-percent roll-back, and under the Senator's amendment to my amendment the price could not be reduced below the price prevailing before the issuance of the roll-back order. So it would seem to me, from reading the amendment which has been offered to my amendment, that the original 10-percent roll-back would be swept out the window, and prices would go back to where they were prior to the 10-percent reduction.

Mr. O'MAHONEY. Mr. President, I should like to have the comment of the Senator from South Carolina on that point, because this amendment to the amendment of the Senator from Illinois was written after consultation with the experts of the committee. I assume it would have that effect, but I want the Senator to understand that the result of the amendment to his amendment is merely to make a prohibition against the imposition of ceiling prices on cattle and sheep, but it does not extend that prohibition to any other commodity.

Mr. DOUGLAS. But if the wording is as I fear it is, would the Senator from Wyoming consent to an alteration which would make clear that the first 10-percent reduction would go into effect?

Mr. O'MAHONEY. Yes, of course.

Mr. DOUGLAS. And that an additional 2-percent reduction could be made?

Mr. O'MAHONEY. It was my understanding that that was implicit in section 2 which came from the committee.

Mr. DOUGLAS. I am dubious on that point.

Mr. O'MAHONEY. I shall be very glad to make that change.

Mr. DOUGLAS. It is a matter of great importance.

However, I think the attitude of the beef industry toward this amendment is very similar to the sentiment of Bill Nye, at the time of the Civil War, when he said that he was in favor of the war, even if he had to send all of his wife's relatives to the front. The Senator from Wyoming is proposing that price reductions can be made on all commodities except beef.

Mr. President, if we start making an exception in the case of beef, we are going to be driven, as the Senator from Iowa indicated, to make an exception also in regard to pork, and we would go from one exception to another, until we swept away the entire effect of the price regulatory system. As a practical

political measure, it may be necessary to make such a concession in order to get the other roll-backs through, but I think it is wrong in principle, and, if passed, it is going to deprive the consumer of gains and economies which otherwise he would have made.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield to the Senator from Arizona.

Mr. McFARLAND. Does not the Senator from Illinois think that the exception has already been made, and that it was made when the 10-percent roll-back was made on beef, a roll-back which has not been made on a number of other commodities?

Mr. DOUGLAS. It is notorious that the rise in the price of beef has been much greater than the increase in the price of virtually every other commodity, at least of those which enter into daily consumption.

The PRESIDING OFFICER. The time of the Senator from Illinois has expired.

Mr. LEHMAN. Mr. President, the Senator from Wyoming has offered an amendment which would exempt cattle and sheep and their products from the roll-back provisions which would be in effect if the Douglas motion were agreed to. It is a compromise which should not be accepted, for it strikes at the heart of the roll-back authority which is essential in any control bill.

Beef and beef products have come to be a staple in the American diet. To exempt them from possible roll-backs would destroy to a great extent the good which would be achieved by the Douglas motion. The adverse psychological effect on the American people would, in my opinion, be disastrous. The O'Mahoney amendment would break the line of price controls by exempting that commodity which is the most important in the domestic economy of our country, and would strike at the budget of the average American family. I very much hope it will be defeated.

Mr. President, there is no doubt that a roll-back to 125 percent of parity will still leave a very generous profit to the producer. Certainly if a small group are squeezed to a slight extent, and that is all it would amount to; the number of people involved as feeders is small; if they are hurt to some extent, there are ways of protecting them, and the amendment which I have offered, and which I shall call up a little later, making it possible to give subsidies where substantial hardship has been demonstrated, would care for that situation.

Meat is on every table of the country as the staple diet in instances where the family can afford to purchase it. To place and maintain a price on meat which is prohibitive is, I think, an injustice to millions of people, an injustice which the Government has promised to relieve. That injustice can be eliminated by the moderate roll-backs which are now in contemplation. To me it is inconceivable that we should take this one item, the item which is a symbol of decent living, and make it impossible to place a reasonable price on it. I very

much hope that the amendment of the distinguished Senator from Wyoming will be defeated, and that the Senate will adopt the Douglas motion.

Mr. BENTON rose.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. LEHMAN. I yield 2 minutes to the Senator from Connecticut.

Mr. WHERRY. Mr. President, I believe the Senator from South Carolina [Mr. MAYBANK] has control of the time, has he not?

Mr. LEHMAN. The Senator from South Carolina has requested me to control the time while he is out of the Senate Chamber.

Mr. WHERRY. I had understood that, when the Senator from New York had concluded his remarks, the Senator from South Carolina would yield to me.

Mr. O'MAHONEY. That is correct.

Mr. WHERRY. I desire to offer a substitute for the amendment of the Senator from Wyoming. If the Senator from New York prefers that I wait, I shall be glad to do so.

Mr. LEHMAN. I certainly shall not press the point. I understood from the Senator from South Carolina [Mr. MAYBANK], when he left the Senate Chamber, that he had been suddenly called away, and that he had asked me to yield some of the time.

Mr. WHERRY. I shall send the amendment to the desk.

Mr. O'MAHONEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. O'MAHONEY. The Senator from Nebraska has just said that it might be his intention to offer a substitute for my amendment.

Mr. WHERRY. That is correct.

Mr. O'MAHONEY. Would that be in order?

Mr. BENTON. Mr. President, may I have the 2 minutes which were yielded me?

Mr. O'MAHONEY. Mr. President, I suggest the Senate is not in order.

The PRESIDING OFFICER. The Senate will be in order.

Mr. WHERRY. If I may be permitted, I send the substitute amendment to the desk. I do not want to interrupt the procedure.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. Was not the amendment of the Senator from Wyoming an amendment in the nature of a substitute for my own amendment?

Mr. WHERRY. It was.

The PRESIDING OFFICER. It was proposed as a substitute for the language of the Senator's amendment.

Mr. DOUGLAS. Therefore, the amendment of the Senator from Nebraska is an amendment in the second degree, not an amendment in the third degree, and it is therefore in order. Is that correct?

The PRESIDING OFFICER. That is correct.

Mr. BENTON. Mr. President, do I not have the 2 minutes which were given to me by the Senator from New York?

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. BENTON. Mr. President, I wanted 2 minutes in order that I might immediately follow the distinguished Senator from New York by reading a paragraph from a letter which I received this morning from Connecticut, a letter which bears perfectly on what is happening in the industrial States in connection with the high price of meat. We all recall that Mr. Wilson and Mr. Johnston and Mr. DiSalle have said that around the control of the price of meat is going to be determined the entire effectiveness of our price-control program. Let me read from this letter, which happens to come to me from the music teacher of my children in Connecticut:

The blood bank in Westport turned away about 60 of its 200 plus volunteers because of low hemoglobin. This has been true all over Connecticut on this trip of the bloodmobile. The answer seems to be that so few of us can afford to buy meat. I stopped buying it in March, and although I have had it about half a dozen times since, it is not enough, because mine was very bad and the nurse would not allow me to give my pint, although I assured her I was not afraid. My problem is that people take the lessons but are so slow in paying for them that I have long gaps with a limited food supply.

Mr. President, we are receiving thousands of letters of this kind from people of small means who feel the high prices much more keenly and much more sharply than any other thing which has happened in our economy. For that reason, I think it is essential, if we are to make the price-control program work, that the suggested amendment of the Senator from Wyoming be rejected.

Mr. BRICKER. Mr. President, will the Senator yield for a question?

Mr. BENTON. I shall be glad to yield for a question if I have any more time left.

Mr. BRICKER. I should like to say to the Senator that there must be an exceptional case of malnutrition in Connecticut, because the consumption of meat is higher this year than it has been at any other time in the history of the country, with the exception of one year.

Mr. BENTON. The Secretary of Agriculture testified before our committee, as I am sure the distinguished Senator recalls, that as other commodities go off the market, the consumption of meat increases, but that is only by the higher income class.

The PRESIDING OFFICER (Mr. HOER in the chair). The time of the Senator from Connecticut has expired.

Mr. MAYBANK. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator has 1 minute left.

Mr. MAYBANK. Mr. President—
Mr. WHERRY. Mr. President, I sent an amendment to the desk which is in the nature of a substitute.

Mr. MAYBANK. Mr. President, may I use the remainder of my time to ask one or two questions of the Senator from Nebraska, after the clerk has read the amendment?

Mr. WHERRY. Certainly.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Nebraska.

The LEGISLATIVE CLERK. On page 2, after line 3, it is proposed to insert the following new section:

LIMITATION ON ROLL-BACKS

SEC. 2. Section 402 (d) of the Defense Production Act of 1950 is amended by adding at the end thereof the following new paragraph:

"(d) After the enactment of this paragraph no ceiling price shall become effective which is below any of the following, (A) the price prevailing just before the date of issuance of the regulation or order establishing such ceiling price, or (B) the price prevailing, during the period January 25, 1951, to February 24, 1951, inclusive, or (C) the ceiling price prescribed for any agricultural commodity by any regulation or order issued prior to the enactment of this paragraph."

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. MAYBANK. I was going to ask the Senator from Nebraska a question or two, because many Senators have asked me about the amendment, and I want to clarify the thought on it. This is the amendment which the Senator from Nebraska, the Senator from Louisiana [Mr. ELLENDER], and other Senators have discussed as a substitute; is it not?

Mr. WHERRY. It is.

Mr. MAYBANK. And it takes into consideration all commodities, whether it be hogs, beef, or lambs. In other words, there is no differential with reference to one as against another?

Mr. WHERRY. That is correct.

Mr. MAYBANK. Therefore the amendment applies to all agricultural products?

Mr. WHERRY. And everything else.

Mr. MAYBANK. That is what I understood.

Mr. McKELLAR. Including cotton?

Mr. WHERRY. Including cotton, and every other agricultural product.

Mr. MAYBANK. And it does not affect any other roll-back?

Mr. WHERRY. No.

Mr. MAYBANK. In other words, it does not affect section 2. The Senator has explained how it adjusts everything, but it does not nullify section 2 as to manufactured products.

Mr. WHERRY. No.

Mr. MAYBANK. I thank the Senator.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. WHERRY. I do not believe I am yet speaking on my own time.

Mr. MAYBANK. Mr. President, I yield the floor.

Mr. WHERRY. Mr. President, I ask to be recognized, and I offer the amendment which I have sent to the desk.

This amendment has been worked on for several days. It applies to all products covered in section 2 of the bill. I want to be absolutely frank about it. It includes meat, beef, sheep, pork, agricultural products—everything involved in the section.

I am in total agreement with what the Senator from Wyoming said about meat. Of course, his amendment excludes beef and sheep from the products which

would be affected by the motion of the Senator from Illinois. I know that feeders can be prejudiced, of course, if we do what the Senator has suggested. I think we should deal with all products; therefore, my amendment applies to all of them. I am trying to accomplish what I think the committee wanted done, but what I think its bill would not bring to pass. The Senator from Wyoming said his amendment would not affect the first rollback on meat, to which I agree. Neither would the amendment which I have offered affect the first rollback. But the Senator said his amendment would prohibit the imposition of the second and third rollbacks, and I cannot go along with him on that statement.

The Senate bill provides, as follows:

After the enactment of this paragraph no ceiling price shall become effective which is below the lower of (A) the price prevailing just before the date of issuance of the regulation or order establishing such ceiling price—

Mr. DOUGLAS. Mr. President, will the Senator yield for a question?

Mr. WHERRY. Let me finish, and then I shall be glad to yield. I read further—

or (B) the price prevailing during the period January 25, 1951, to February 24, 1951, inclusive.

If I correctly interpret the first clause, the price of meat can go down and down, and when it reaches a certain point the Administrator of the Office of Price Stabilization can establish a ceiling under clause (A) at the very lowest point at which it may be when the new order is issued. The only way in the world to prevent that is to change the language. So my amendment provides that no ceiling price shall become effective which is below "any of the following"—setting forth clause (A), clause (B), and clause (C).

Mr. DOUGLAS. Does that mean that the highest price must be taken?

Mr. WHERRY. No; it means that the ceiling cannot be lower than the third clause. The Senate bill provides that a ceiling price can be established under clause (A) at the low point in the market, any time the Administrator wants to issue the order. I know the Senator from Illinois does not want that to be done. He does not want the price to go down several dollars a hundred on meat and then have the Administrator make up his mind as to whether the ceiling should be placed on the low price.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. O'MAHONEY. I am sure that if the Senator will again read the language he will see that he is mistaken in his interpretation. The language reported by the committee is as follows:

After the enactment of this paragraph no ceiling price shall become effective which is below the lower of (A) the price prevailing just before the date of issuance of the regulation or order.

I submit to the Senator that it would be utterly impossible for the contingency envisaged by the Senator to take place,

namely, the price going down. It is just as though the language read:

The price prevailing on the day before the issuance.

Mr. WHERRY. Oh, no.

Mr. President, in answer to the observation of the distinguished Senator from Wyoming let me say that I took this language up with the agency, and asked them, "How would you interpret it?" I was told that they would interpret it exactly as I have given it to the Senate.

Mr. O'MAHONEY. If they did that—

Mr. WHERRY. Just a moment. Let me finish my answer, because I love my friend from Wyoming and I want to get along with him. If I thought for one moment that we could place upon it the interpretation the Senator from Wyoming gives it, I would not be here with this amendment. But I took it up with the authorities. We do not want an interpretation placed upon the language of the Senate provision which means that after the prices go down and down, as in the case of cotton, the Price Administrator may put a ceiling on meat at that low point. The Senator from Wyoming is the chairman of several subcommittees of which I am a member, and now and then we get into discussion with respect to the use of language. I wish he would study the language I have submitted, because I am satisfied there is no chance for a mistake in that language. The language provides that—

After the enactment of this paragraph no ceiling price shall become effective which is below any of the following, (A)—

Subdivision (A) is the same as that in section 2 of the Senate Banking and Currency Committee bill.

Secondly, the price of the agricultural products during the period January 25, 1951, to February 24, 1951; and, finally—or lower than "the ceiling price prescribed for any agricultural commodity by any regulation or order issued prior to the enactment of this paragraph."

Now that gives some protection by indicating what the ceiling might be in a falling market.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. MAYBANK. I merely wish to say that the Senator's amendment is merely a perfecting amendment to the committee amendment, in my judgment, because I was told by the departments exactly what the Senator from Nebraska says he was told.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. FULBRIGHT. I am not clear on this matter. The amendment of the Senator from Wyoming says that the price could not be lower than that of any of the three classifications. Would not the amendment in effect mean that it could not be lower than the highest of any of the three?

Mr. WHERRY. Whichever is the higher would be the floor and a ceiling

price could not go lower than that floor. I will put it in that way. [Laughter.] The Senator from Delaware [Mr. WILLIAMS] convinced me that there can be a ceiling lower than a floor. Is that not correct? That is the whole argument of the Senator from Delaware. We had passed a law which bound the Administrator, if a ceiling price is established below the figure of the support price, and some departments are in violation. Therefore, my answer to the Senator from Arkansas is that the ceiling price in this case would have to be the highest floor price. The ceiling price could not go below the floor. That is not a bad answer, either, as Senators will find when they think it over. [Laughter.]

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. WHERRY. I am glad to yield.

Mr. MAYBANK. I do not quite understand the amendment as the Senator read it. It does not affect the roll-back that has already been put into effect?

Mr. WHERRY. No.

Mr. DOUGLAS. Mr. President—

Mr. MAYBANK. Mr. President, I shall be glad to yield to the Senator from Illinois of my time. I have some time left.

It does not affect the additional 2 percent roll-back.

Mr. WHERRY. I do not know whether the 2 percent comes in the second and third roll-backs or not. It certainly does not affect the order that is already in effect.

Mr. MAYBANK. Or any other orders that have been imposed.

Mr. WHERRY. That is correct; or any other ceiling price that has been imposed.

Mr. CASE. Mr. President, will the Senator yield?

Mr. WHERRY. For example, if we go back to the April 30 date, the time the order on meat was issued, that would be a prior order, and they could use that, or they could use the two clauses brought in by the Senate Banking and Currency Committee bill, and go back to the date of February 24, or they could use the price which is prior to the issuance of a new order, but under my (c) clause, they could not issue an order below the ceiling price already established by a prior order. That protects those interested in cotton.

Mr. MAYBANK. Not unless there had been a roll-back, and that roll-back has not been in effect.

Mr. WHERRY. That is correct. It has to be in effect.

Mr. MAYBANK. The roll-back has to be in effect.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. DOUGLAS. I should like to ask the Senator from Nebraska if it is not true that his amendment will prevent any roll-back on manufactured goods? There is a roll-back scheduled for next Monday. Will this amendment prevent that roll-back from going into effect?

Mr. WHERRY. The amendment does not change any of the provisions of the Senate Banking and Currency Committee bill on manufactured products. It

remains the same. I am going to oppose the motion of the Senator from Illinois to strike out section 2. Whatever the law provides now, it would provide the same after my amendment is adopted.

Mr. DOUGLAS. Mr. President, will the Senator from Nebraska yield to me for a further question?

Mr. WHERRY. I have only 3 minutes left.

Mr. DOUGLAS. Since the bill of the committee prohibits the July 2 roll-back or any other roll-back on manufactured goods, and the amendment of the Senator from Nebraska does not change the bill in that respect, therefore, it follows that the amendment of the Senator from Nebraska also prohibits the roll-back on manufactured goods. Is that not true?

Mr. WHERRY. The amendment of the Senator from Nebraska does not change the committee provision at all. The amendment uses the same provision as is in the Senate committee bill. Instead of saying that the Price Administrator can do this or that, he must take the higher price of the three clauses and make that the floor.

Mr. DOUGLAS. Then the roll-back on manufactured goods is prohibited?

Mr. WHERRY. Mr. President, I do not want the time used by the Senator from Illinois to be charged against me. How much time have I lost by that statement?

Mr. O'MAHONEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. HOEY in the chair). The Senator will state it.

Mr. O'MAHONEY. I desire to ask what Senator has charge of the time in opposition to the amendment offered by the Senator from Nebraska.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. WHERRY. Mr. President, I do not want that time charged to me, either. The Senator from Kansas [Mr. SCHOEPEL] has been on his feet, and I am glad to yield to him now.

Mr. SCHOEPEL. Mr. President—

Mr. MAYBANK. Mr. President, I can use a part of the time under my control, can I not?

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. MAYBANK. Mr. President, will the Senator from Nebraska allow me to make a statement?

Mr. WHERRY. Yes.

Mr. MAYBANK. The amendment offered by my good friend from Wyoming [Mr. O'MAHONEY] applies to beef and mutton. The amendment of the Senator from Nebraska applies to everything. Very frankly, I am opposed to picking out one thing or two things. Whatever we do, we should do across the board, as we did in December of last year and in October of last year. I believe in working across the board. So I am in favor of the substitute of the Senator from Nebraska for the amendment of the Senator from Wyoming. Therefore, I shall not oppose the amendment of the Senator from Nebraska.

In justice to myself, I should like to be relieved of control of the time, and let some other Senator who wishes to speak in opposition take charge. We have tried

to work in agreement on this matter. We feel we cannot pick out beef and tell the housewife, "We did so and so with beef," or pick out mutton and say, "We did so and so with mutton," and then leave corn and other commodities untouched.

Mr. LONG. Mr. President, will the Senator from South Carolina yield to me for a question?

Mr. MAYBANK. I should like to have the time of those in opposition to the amendment controlled by other Senators.

Mr. ROBERTSON. Mr. President, will the Senator from South Carolina, the chairman of the committee, not yield to me?

Mr. MAYBANK. Very well.

Mr. ROBERTSON. I will say to the distinguished chairman of our committee that I think I know the meaning of the Senate committee's provision. But I cannot say that I know the meaning of the substitute. I am rather in the position of the colored boy from Virginia about whom a naval officer was telling me yesterday. The boy, who was out in the Pacific in a heavy fog, said, "The fog horn keeps blowing and blowing, but the fog keeps rolling in."

Mr. MAYBANK. The issue is whether to vote for an amendment relating to beef or an amendment relating to mutton or an amendment dealing with everything.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. MAYBANK. Yes.

Mr. LONG. Are we to understand that what the amendment means is that when a ceiling is imposed, the ceiling price will not be lower; that one can depend upon that price being the ceiling price? Is that what the amendment means?

Mr. MAYBANK. The Senator from Nebraska explained that we have three choices in this case: Clauses (a), (b), (c).

Mr. LONG. If a ceiling is imposed, that ceiling cannot be lowered; that is the price cannot be lower than the ceiling price once it has been imposed?

Mr. MAYBANK. The ceiling price; yes.

Mr. LONG. It means that the ceiling price cannot be lowered?

Mr. MAYBANK. That is what I understand.

Mr. LEHMAN. Mr. President, will the Senator yield to me for a question?

Mr. MAYBANK. Yes.

The PRESIDING OFFICER. The Chair will say that the Senator from Kansas [Mr. SCHOEPPEL] has the floor. The Senator from Kansas is recognized.

Mr. SCHOEPPEL. Mr. President, there has been some discussion on this floor today to the effect that after the roll-backs the parity figure would be 125 percent. I should like to read a letter which our colleague the distinguished Senator from Virginia [Mr. ROBERTSON] has received from the Department of Agriculture. It is signed by K. T. Hutchinson, Assistant Secretary, and reads as follows:

DEPARTMENT OF AGRICULTURE,
Washington, D. C., June 21, 1951.
Hon. A. WILLIS ROBERTSON,
United States Senate.

DEAR SENATOR: This is in reply to your letter of May 29 regarding parity prices of beef cattle.

Parity price is the one generally accepted standard developed for measuring changes in purchasing power of farm prices. As a general standard it is stated in terms of the United States average price for all grades and classes of the commodity rather than the price of a specific grade at a specific location. With but few exceptions parity for all farm commodities is calculated by the same method or formula. Parity prices for beef cattle, thus, are just as good a measure of this factor as are the parity prices of other farm commodities. As parity prices are a general standard, however, it may be necessary in some cases to consider additional factors in order to measure the adequacy of the price for a particular purpose.

I wish to place special emphasis on the next two statements:

It is possible that your constituent was commenting on parity price as computed by the formula in effect prior to January 1, 1950. At that time the parity price for beef cattle was revised to take into consideration two additional factors. The first was to include the additional factor of farm wages in calculating prices paid by farmers, and the second was to use a more recent period (the immediate preceding 10 years) in calculating average prices farmers received.

As prices received by farmers for beef cattle during the 10-year period, 1941-50, were high relative to prices received by farmers for other commodities, parity prices for beef cattle are higher than they would have been under the old formula. The parity price for beef cattle, as calculated by the method in effect prior to January 1950, would be \$14.80 as of May 15, 1951. The parity price for beef cattle as calculated under the new formula was \$19.80. In other words, the new method of calculating parity prices resulted in a parity price for beef cattle about 34 percent higher than that calculated according to the method previously in effect. The average price received by farmers as of May 15 was \$29.50, or 149 percent of parity.

If you desire any further information on this question, please let us know.

Sincerely yours,

K. T. HUTCHINSON,
Assistant Secretary.

That is the last word, up to this date, on the change in the parity figures, and I think it goes a long way toward dispelling some of the assurance of the statement that, despite the three roll-backs, parity yet will be 125 percent. This letter does not so state.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. SCHOEPPEL. I yield.

Mr. AIKEN. I point out that those are very evidently farm parity prices, not prices on the market. Am I not correct?

Mr. SCHOEPPEL. He refers to the market price.

Mr. AIKEN. The farm market price. That is very important, because it costs a great deal of money to get those animals to market. Such additional cost would have to be added to the \$19.80.

Mr. CASE. Mr. President, does the Senator from Nebraska have additional time?

Mr. WHERRY. Mr. President, I should like to yield to the Senator from South Dakota. I have lost track of the time. I hope I can yield to the Senator from South Dakota, because he was on his feet for some time.

The PRESIDING OFFICER. The time of the Senator from Nebraska has expired.

Mr. WHERRY. Mr. President, I ask unanimous consent that the Senator from South Dakota be recognized for 1 minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CASE. Mr. President, I wish to ask the Senator from Nebraska a question. I ask him if it is not a fact that the bill, as reported, would establish two floors below which the Administrator could not order a roll-back. The amendment which the Senator from Nebraska has proposed would establish three floors below which the Administrator could not order a roll-back.

Mr. WHERRY. The Senator is correct.

Mr. CASE. However, is it not also true that prices can go below those floors if they do so from natural causes, and not as the result of an order?

Mr. WHERRY. The Senator is correct.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nebraska [Mr. WHERRY] in the nature of a substitute for the amendment of the Senator from Wyoming [Mr. O'MAHONEY].

Mr. O'MAHONEY. Mr. President, if the Senator from Illinois will yield to me a part of the time in opposition to the amendment offered by the Senator from Nebraska, I should like to make a brief statement.

The Committee on Banking and Currency reported a bill containing section 2, which prohibited the imposition of ceilings on all commodities of any kind below certain figures described in phrases (A) and (B).

The Senator from Illinois [Mr. DOUGLAS] offered a motion to strike out that section, so that it would be possible for OPS to continue to impose ceilings in precisely the manner in which it had been doing.

I offered a substitute for the language proposed to be stricken out by the Douglas motion, the effect of which is to preserve the authority of the OPS to provide ceilings on all commodities except cattle and sheep.

The Senator from Nebraska offers another amendment, which prohibits ceilings, and therefore prohibits roll-backs, upon all commodities, agricultural and manufacturing, below the highest of three figures. So the amendment of the Senator from Nebraska, as I see it, would be completely inflationary. The amendment of the Senator from Illinois would continue the very unfortunate power to make further roll-backs on livestock

products from cattle and sheep; whereas the amendment which I have offered would preserve the power to establish ceilings upon manufactured commodities, but would exclude livestock products from cattle and sheep.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nebraska [Mr. WHERRY] in the nature of a substitute for the amendment offered by the Senator from Wyoming [Mr. O'MAHONEY].

Mr. DOUGLAS. Mr. President, has the time of those who are opposed to this amendment been exhausted?

The PRESIDING OFFICER. There are still 8 minutes available to Senators opposing the amendment.

Mr. DOUGLAS. Mr. President, the amendment of the Senator from Nebraska is the worst yet. It would prevent any roll-back on manufactured goods, which was the purport of section 2. It would prevent any future roll-backs on beef, and might, indeed, cancel the existing 10-percent roll-back. It would prevent any roll-back on any agricultural commodity. It provides that prices shall be frozen at the highest level; and, as a corollary, it requires the raising of other prices up to that highest level. This would cost the American consumer billions of dollars. I think my use of the term "the worst yet" is a very mild phrase, indeed.

I hope the amendment will be defeated.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nebraska [Mr. WHERRY] in the nature of a substitute for the amendment of the Senator from Wyoming [Mr. O'MAHONEY].

Mr. LEHMAN. Mr. President, will the Senator from South Carolina yield to me?

Mr. MAYBANK. Mr. President, I do not want any misunderstanding. I should like to make a statement.

I understand that the amendment does not cancel the roll-backs.

I now yield to the Senator from New York.

Mr. LEHMAN. Mr. President, I am stunned by what is going on in the Senate this afternoon. I have the feeling that I am living in an Alice-in-Wonderland scene.

We are faced with one of the great crises in our history, a crisis which requires not only great military strength and integrity, but economic strength and economic integrity. We cannot possibly hope to win against those who threaten our very survival and the freedom of the world unless we make certain, so far as it is humanly possible to do so, that the economy of the United States remains on a sound basis. Certainly the greatest threat to the economic strength of our country is inflation. Yet the amendment offered by the Senator from Nebraska [Mr. WHERRY] would nullify the basic purposes we seek to achieve. It would tear down all the possible safeguards which we seek to set up to strengthen and maintain our economy.

I just cannot believe that it is possible that my colleagues in the Senate would render impotent all the efforts of our public servants who are charged with the responsibility of maintaining, serving, and strengthening our economy, whose stability is so necessary if we are to withstand the threats to our freedom, to the survival of our country, and to the survival of world civilization as we know it. I stand aghast at what is here proposed by the Senator from Nebraska. I can only plead—and plead with all the sincerity of my heart and soul—that we do not destroy the best weapons we have with which to control inflation; let us not here enact legislation which would make it impossible truly to control prices, or to stabilize wages. I again plead with my fellow Senators to refrain from any such action.

Mr. MOODY. I compliment the Senator from New York for his eloquent remarks. I am glad to note that he is thinking, first, of all of the American consuming public, instead of the interests which have been trying to tear down the only machinery which the Nation has in its possession to save it from the inflation that could burn out our economy and place us squarely at the mercy of the Kremlin.

We spend a great deal of time cutting a few million dollars from the budget. Of course, it is a highly worthy undertaking to do so. The other day we adopted an amendment to an appropriation bill which cut 5 percent from the personnel rolls, and saved about \$4,000,000. Yet this afternoon, if the amendment offered by the Senator from Nebraska is adopted, we would dissipate billions of dollars of the consumers of America.

I hope the amendment will be voted down. The amendment offered by the Senator from Illinois [Mr. DOUGLAS] is in the interest of the consumers of America.

Mr. LONG. Mr. President, I have listened very carefully to the discussion of the pending amendment. The amendment would prevent exactly the danger which was pointed out in the individual views of the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alabama [Mr. SPARKMAN], the Senator from Illinois [Mr. DOUGLAS], the Senator from Connecticut [Mr. BENTON], and the Senator from Michigan [Mr. MOODY]. In their individual views they stated:

Farm prices are always the first to go down when there is a general price recession. Although the ceiling price on cotton is 45 cents a pound, the October futures, based on the anticipated 16,000,000-bale cotton crop, are now at 37 cents. Under this amendment, OPS could step in tomorrow and place a price ceiling of 37 cents on cotton, since the price prevailing just before the issuance of the regulation was lower than the January 25 price.

They continue with the statement:

We believe this amendment could be used to the great injury of the farmers.

If that is what they fear, certainly there would be every reason for their supporting the amendment offered by the Senator from Nebraska.

The PRESIDING OFFICER. All time for debate has expired.

The question is on agreeing to the amendment offered by the Senator from Nebraska [Mr. WHERRY], in the nature of a substitute for the amendment offered by the Senator from Wyoming [Mr. O'MAHONEY].

Mr. WHERRY and other Senators requested the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from Wyoming [Mr. HUNT] is absent on official business.

The Senator from South Carolina [Mr. JOHNSTON] is absent on official committee business.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on official business, having been appointed a representative of our Government to attend the International Labor Conference being held in Geneva, Switzerland.

The Senator from Florida [Mr. SMATHERS] is absent because of illness.

Mr. SALTONSTALL. I announce that the Senator from Montana [Mr. ECTON], the Senator from Massachusetts [Mr. LODGE], and the Senator from New Hampshire [Mr. TOBEY] are absent on official business. If present and voting, the Senator from Massachusetts [Mr. LODGE] and the Senator from New Hampshire [Mr. TOBEY] would each vote "nay."

The Senator from Pennsylvania [Mr. MARTIN] is absent because of illness.

The result was announced—yeas 39, nays 49, as follows:

YEAS—39

Bennett	George	McClellan
Bricker	Hickenlooper	McKellar
Butler, Md.	Hoey	Millikin
Butler, Nebr.	Holland	Mundt
Cain	Jenner	Russell
Capehart	Johnson, Colo.	Schoeppel
Carlson	Kem	Stennis
Case	Langer	Thye
Connally	Long	Watkins
Dirksen	Malone	Welker
Dworshak	Maybank	Wherry
Eastland	McCarran	Wiley
Ellender	McCarthy	Young

NAYS—49

Alken	Hayden	Morse
Anderson	Hendrickson	Neely
Benton	Hennings	Nixon
Brewster	Hill	O'Connor
Bridges	Humphrey	O'Mahoney
Byrd	Ives	Pastore
Chavez	Johnson, Tex.	Robertson
Clements	Kefauver	Saltonstall
Cordon	Kerr	Smith, Maine
Douglas	Kilgore	Smith, N. J.
Duff	Knowland	Smith, N. C.
Ferguson	Lehman	Sparkman
Flanders	Magnuson	Taft
Frear	McFarland	Underwood
Fulbright	McMahon	Williams
Gillette	Monroney	
Green	Moody	

NOT VOTING—8

Ecton	Lodge	Smathers
Hunt	Martin	Tobey
Johnston, S. C.	Murray	

So Mr. WHERRY's amendment in the nature of a substitute for Mr. O'MAHONEY's amendment was rejected.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Snader, its assistant reading clerk, announced that the House had passed a bill (H. R. 3181) to con-

tinue until the close of June 30, 1952, the suspension of duties and import taxes on metal scrap, and for other purposes, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the following concurrent resolution (H. Con. Res. 134), in which it requested the concurrence of the Senate:

Resolved by the House of Representatives (the Senate concurring), That the President of the United States is hereby requested to return to the House of Representatives the enrolled bill (H. R. 2349) authorizing the Secretary of the Interior to issue patents in fee to certain allottees on the Crow Indian Reservation; that if and when such bill is returned by the President, the action of the Speaker of the House of Representatives and of the President of the Senate in signing such bill is hereby rescinded; and that the Clerk of the House of Representatives is hereby authorized and directed, in the re-enrollment of such bill, to strike out in the paragraph thereof which relates to the issuance of a patent in fee to Estella Wolfe the phrase which reads "the northwest quarter of the southeast quarter" and to insert in lieu thereof "and the northwest quarter of the southeast quarter of section 28."

HOUSE BILL REFERRED

The bill (H. R. 3181) to continue until the close of June 30, 1952, the suspension of duties and import taxes on metal scrap, and for other purposes, was read twice by its title, and referred to the Committee on Finance.

EXTENSION OF DEFENSE PRODUCTION, AND HOUSING AND RENT ACTS

The Senate resumed the consideration of the bill (S. 1717) to amend and extend the Defense Production Act of 1950, and the Housing and Rent Act of 1947, as amended.

Mr. MILLIKIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MILLIKIN. I should like to offer, and I wonder whether I may do so, an amendment to or a substitute for the O'Mahoney amendment, which I understand is now the pending question. Would such an amendment to the O'Mahoney amendment be in order?

The PRESIDING OFFICER. Yes; it would be in order.

Mr. MILLIKIN. Then, Mr. President, I offer and send to the desk, and ask to have read by the clerk, with the paragraphs and other formal matters appropriately stated, such an amendment to the O'Mahoney amendment.

The PRESIDING OFFICER. The amendment of the Senator from Colorado to the O'Mahoney amendment will be stated.

The CHIEF CLERK. To the O'Mahoney amendment, after the period, it is proposed to add the following new sentence:

Nothing in this act as amended shall prohibit the establishment or maintenance of a ceiling price with respect to any article (other than an agricultural commodity) in the case of an individual seller which is based upon a period prior to January 25, 1951, if such ceiling price reflects adjustments for increases or decreases in all costs of such seller occurring subsequent to such period.

Mr. MILLIKIN. Mr. President, I invite attention first to the fact that it is not the purpose of this amendment to the O'Mahoney amendment to interfere with the livestock provisions intended either by the Senator from Wyoming [Mr. O'MAHONEY] in his amendment or by the committee bill. This amendment to the O'Mahoney amendment goes to a point in the committee bill which disturbs me somewhat, and for which I believe there should be some relief. The committee bill, as to matters outside of agriculture, prohibits roll-backs beyond the first of this year. I think it is a matter of common knowledge that many of the prices as of the first of this year reflected greed and unconscionable grasping, and I do not believe we should commit ourselves to that part of a new base.

Therefore, I believe we should have provision for a roll-back to the Korea period, provided that such roll-backs—and I am not talking about agriculture now; I am talking about the whole field outside of agriculture—shall reflect either all additional costs and cost decreases from that time on. That, in brief, is the purpose of this amendment to the O'Mahoney amendment. It short-circuits all the confusing administrative gobbledygook and mandates that, if we roll back beyond the January 1951 period, we shall allow and adjust to the increased or decreased costs since the date to which the price is rolled back.

This amendment to the O'Mahoney amendment relates itself to each individual seller, subject to such a roll-back, and to each article.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. MILLIKIN. I am glad to yield.

Mr. CORDON. Does the Senator's amendment to the O'Mahoney amendment contemplate that the several individuals shall be the exclusive judges of the reasonableness of such an adjustment?

Mr. FULBRIGHT. Mr. President, will the Senators please speak louder? We cannot hear what they are saying.

Mr. McFARLAND. Mr. President, may we have order? No one can hear unless there is order in the Chamber.

The PRESIDING OFFICER. The Senate will be in order. Conversations on the floor will cease.

Mr. MILLIKIN. Mr. President, will the Senator from Oregon please repeat his question?

Mr. CORDON. Yes. Does the Senator's amendment to the O'Mahoney amendment contemplate that each individual shall himself be the sole judge of the reasonableness of an adjustment made under the amendment? If not, who will determine the reasonableness of the judgment?

Mr. MILLIKIN. Under the present procedure whereby these contemplated roll-backs will be made. I think each individual in the first instance will be making his own roll-backs; but, of course, he will be subject to the final overriding judgment of the department if he does not do it properly.

Mr. CORDON. Should not the amendment at least contain the word

"reasonable," so as to leave some basis for a conclusion on the part of the Administrator which might differ from that of the individual?

Mr. MILLIKIN. Is the Senator referring to costs?

Mr. CORDON. I refer to adjustments on account of costs.

Mr. MILLIKIN. What I am trying to avoid, I may say to the Senator, is getting off into a mystic maze as to theories of cost. A complete formula cannot be put into any amendment which can be written in the Senate. I want to have all of the costs reflected. The Administrator already has a whole series of standards, which he works around with, relative matters, and all that sort of business; but when he gets all through, the particular seller concerned must, under this amendment, get his costs.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield to the Senator from Oregon.

Mr. CORDON. Having in mind that the test of the language is what may be done under it, rather than what we might hope would be done under it, if the Senator's amendment should be adopted, would it not put each individual who might be subject to price control in this position: When there is an attempt to set a ceiling with reference to his particular sales, if he can show a change upward of any kind or character in his costs, and can prove the change, would not his own judgment prevail as to what he may do in the way of adjustment with respect to the change, so long as he relies upon the change for his justification?

Mr. MILLIKIN. I do not agree with that at all, for the simple reason that even if, in the first instance, it is a self-administered roll-back, in the last instance the Administrator has the final say.

Mr. FLANDERS and Mr. ROBERTSON addressed the Chair.

Mr. MILLIKIN. I believe the Senator from Vermont was next on his feet.

Mr. FLANDERS. I should like to ask the distinguished Senator from Colorado whether there is not a bit of complication in his proposal, as there is in any proposal which relates to the fixing of detailed costs.

Mr. MILLIKIN. I am frank to say that there is. I wish that I did not feel that we should have an amendment of this kind. I wish there were no reasons for going back to a point beyond January 1. I dislike the interferences and uncertainties inherent in roll-backs, but I dislike even more having straight across-the-board standards as of early in January, including the freezing of price bases which are unconscionable.

Mr. FLANDERS. If I may, I should like to inquire further of the Senator from Colorado whether the proposal does not introduce a new complication, namely, that the calculations as to increases in costs, since the Korean War began, relate to articles and services which themselves will become subject to new determinations of cost by the same procedure? In other words, the elements of the cost are themselves subject to the same sort of calculation

which the Senator from Colorado proposes.

Mr. MILLIKIN. I am very frank to say that it is impossible to have any kind of price control in which we shall not be confronted with some phase of that problem. It is very, very difficult. It is very complicated. It works unjustly at times.

Mr. FLANDERS. I wonder, however, whether the simple scheme of going back to a period earlier this year does not sidetrack some of that complication.

Mr. MILLIKIN. The simple scheme of going back to an earlier date this year would sidetrack some of that complication, but it would not sidetrack the complication of putting our imprimatur on many prices which are greedy and unconscionable.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield to the Senator from Ohio.

Mr. TAFT. The existing regulation does exactly what the Senator is proposing in his amendment, except that the administration has refused to allow certain costs, it has permitted the allowance of only direct costs. Is that not correct?

Mr. MILLIKIN. The Senator is entirely correct.

Mr. TAFT. The effect of the Senator's amendment would be that we would say, "You can do what you are doing now, so far as manufactured goods are concerned, but you have got to allow all costs, and not simply direct costs." Is that correct?

Mr. MILLIKIN. The Senator is entirely correct. A business can go broke because of disallowance of indirect as well as direct costs.

Mr. TAFT. Mr. President, will the Senator yield further?

Mr. MILLIKIN. I yield to the Senator from Ohio.

Mr. TAFT. There is another phase of the matter which has come to my attention relative to conditions prior to January 25, 1951. If we go back to any quarter when industries were in a distressed condition and were making no profits, they are not now being allowed any profits under existing regulations. Is that statement not correct?

Mr. MILLIKIN. That is correct.

Mr. MAYBANK. Mr. President, I was about to suggest that what worries me is treating this matter on the basis of individuals, instead of treating it on an industry-wide basis. I appreciate that the Senator's time is short. I am in accord with his ideas, but I do not see how the plan of dealing with the individual can be advocated as against an industry-wide proposition. Would the Senator mind explaining his idea, with the understanding that he may do so in my time? I should like to understand it.

Mr. MILLIKIN. I shall be very glad to do that.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MILLIKIN. In a moment. I base my argument in favor of restricting the provision to individual sellers on the obvious correctness of the proposition

that no seller can conduct his business on the basis of industry-wide averages, and, therefore, we should not impose that kind of a rule. Business cannot be run that way.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield to the Senator from Illinois.

Mr. DOUGLAS. Do I correctly understand that the amendment of the Senator from Colorado would call for an additional sentence to be added to section 2, as reported by the committee?

Mr. MILLIKIN. My picture of the parliamentary situation is that the amendment or the substitute of the Senator from Wyoming [Mr. O'MAHONEY], whatever it is, is before the Senate; so my purpose is to amend that, which is being proposed by the Senator from Wyoming.

Mr. DOUGLAS. Is it to be added to the amendment of the Senator from Wyoming, or is it to be added to section 2 of the committee's proposal? As I read the text, it is to be added to section 2.

Mr. MILLIKIN. I do not have the text of the amendment of the Senator from Wyoming before me. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MILLIKIN. What is before the Senate?

The PRESIDING OFFICER. The substitute offered by the Senator from Wyoming, to which the Senator from Colorado has offered his amendment.

Mr. MILLIKIN. This is a proposal to add something to the Senator's amendment, is it not?

The PRESIDING OFFICER. That is correct.

Mr. DOUGLAS. As I read it, it was an addition to section 2 as reported by the committee.

Mr. MILLIKIN. I changed the reading of it in my explanation. That had been my original intention, but the amendment of the distinguished senior Senator from Wyoming [Mr. O'MAHONEY] indicated that I should make a different approach, and so I changed it and I am adding it to what the Senator from Wyoming has proposed.

Mr. DOUGLAS. Mr. President, I may say this is a very crucial issue, because the amendment of the Senator from Wyoming would permit the roll-back on manufactured goods to go into effect. The committee text will not permit it to go into effect, so that, if the amendment of the Senator from Colorado is an addition to the committee amendment, it forbids the roll-back on manufactured goods, and that is the way it was drawn.

Mr. MILLIKIN. If it is an addition to the committee amendment, it does not forbid a roll-back; it authorizes a roll-back on manufactured goods. What I am aiming to do is to add to the livestock part of the O'Mahoney amendment my amendment which under the conditions provided will permit a roll-back on manufactured goods. If the parliamentary situation takes such a turn that I cannot attach my amend-

ment to the O'Mahoney amendment, I hope to offer it as an amendment to the bill.

Mr. CASE. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. CASE. What the Senator's amendment does is to give the producers of livestock the benefit of cost increases. But the amendment, if it is attached to the O'Mahoney amendment, will not extend to manufacturers and other producers the benefits of cost increases. The amendment offered by the Senator from Wyoming limits the administrator's powers only with respect to livestock, cattle and sheep.

Mr. MILLIKIN. I am accepting the restrictions on the Administrator so far as livestock is concerned. I am adding the right to roll-back prices of the manufacturer if the costs elements are adjusted in the manner provided.

Mr. CASE. With respect to livestock?

Mr. MILLIKIN. Manufactured products—other than agricultural products. All I have to work with is the O'Mahoney amendment. If it is defeated, I shall then offer my proposal as an amendment to the bill.

The PRESIDING OFFICER. The time of the Senator from Colorado has expired.

Mr. MAYBANK and Mr. O'MAHONEY addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. MAYBANK. Mr. President, the Senator from Virginia [Mr. ROBERTSON] asked me for 5 minutes. Does the Senator from Wyoming wish to speak?

Mr. O'MAHONEY. I wish to make a comment on the amendment of the Senator from Colorado.

Mr. MAYBANK. How much time does the Senator wish?

Mr. O'MAHONEY. Three minutes will be sufficient.

Mr. MAYBANK. I yield, first, to the Senator from Virginia [Mr. ROBERTSON].

Mr. ROBERTSON. Mr. President, after taking some 4,000 pages of testimony, when the committee went into executive session I proposed to the committee that it report a simple continuing resolution and vote down all amendments. Unfortunately, I think, only the Senator from Arkansas [Mr. FULBRIGHT] and I consistently took that position, until the committee finally wound up with two amendments.

The amendment proposed by the distinguished Senator from Colorado, which seems to nullify the roll-back amendment of the committee with respect to manufactured goods, sounds very plausible, but, Mr. President, it is utterly impracticable and unworkable. It does not say whether the price shall be at the manufactured wholesale or retail level; it does not say whether the man who claims a cost which would give him a higher price can put the new cost into effect before he receives the approval of Mr. DiSalle, or after he receives his approval. If all the hundreds of thousands of manufacturers, the hundreds of thousands of wholesalers, and the millions of retailers, are going to have separate

prices, and Mr. DiSalle has to pass on all the prices, we shall have to provide that they can all establish their own prices which would be legal unless Mr. DiSalle vetoed them. In 2 years' time he could not get around to them all, even on one item.

Therefore, Mr. President, I am sure I was right when I first took the matter up in the committee. If we want a control law, as I think most of us do, and we certainly need one, at least the Democrats on the committee should have stuck by me when I made my proposal. I think most of them will admit it now. We have two proposals by way of amendment reported by the committee, and I propose to stand by them, but I am against every other proposal.

Mr. MAYBANK. Mr. President, the committee had no chance to study the amendment. This is the first time I have seen it. As chairman of the committee, I am opposed to it; but since it is an amendment to the amendment offered by the Senator from Wyoming [Mr. O'MAHONEY], I will give the remainder of my time to the Senator from Wyoming.

Mr. O'MAHONEY. Mr. President, I desire to ask a question of the author of the amendment in order to clear up what I consider to be a misunderstanding by the junior Senator from South Dakota. The Senator from Colorado has offered his amendment to the amendment which I offered as a substitute for the amendment offered by the Senator from Illinois [Mr. DOUGLAS]. My amendment has the effect of preserving to the OPS authority to make roll-backs upon manufactured commodities and other commodities, but it prohibits it with respect to cattle and sheep.

The amendment which the Senator from Colorado offered, adding new language to the amendment which I offered, has the effect of saying that in imposing ceilings upon manufactured products, the Administrator shall take into consideration, in the case of an individual seller, based upon a period prior to January 25, and so forth, increases and decreases in all costs of such seller. That, clearly, has the effect of directing the Administrator to take into consideration every individual seller all over the country, because the Senator has stricken out the word "commodity" and substituted the word "article."

Mr. MILLIKIN. That was the intention, sir.

Mr. O'MAHONEY. It would, in my opinion, be utterly impossible of administration. It would be impossible for the OPS to recruit a staff sufficiently large to compute the costs and differentials in the case of every individual seller. In my opinion, therefore, this amendment, much as I regret to say it to my distinguished friend from Colorado, ought to be defeated.

Mr. BENTON. Mr. President, will the Senator yield for a question?

Mr. O'MAHONEY. I yield to the Senator from Connecticut.

Mr. BENTON. Does not the distinguished Senator from Wyoming agree that the effect of the amendment is to put the American economy on a cost-plus basis?

Mr. O'MAHONEY. I think it would have that effect, but the worst part of it is that it requires an examination of every individual transaction, which is perfectly impossible.

Mr. BENTON. Does not the Senator also agree that prices are not related to costs to the extent that is assumed generally by people who have not carried responsibility for fixing prices, but are related to competition, to what one can get, and, most important of all, to anticipated lower costs or anticipated higher costs at some future time?

Mr. O'MAHONEY. I think the Senator is correct.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. TAFT. Has the Senator read ceiling price regulation 22 in which the OPS does exactly what the Senator says it cannot do?

Mr. O'MAHONEY. If the Senator from Ohio will permit me to say so, there is a great deal of difference between a regulation written by OPS and a law. The Administrator may come to his senses, but if we put this amendment into the law, no one can bring sense into it.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. DOUGLAS. Is it not true that the amendment of the Senator from Colorado would require separate prices to be fixed for competing producers turning out the same article?

Mr. O'MAHONEY. Yes; that is correct.

Mr. DOUGLAS. So that there would be manufacturers producing identical articles with differing ceilings. Is not that a manifest absurdity?

Mr. O'MAHONEY. That is what I just tried to show.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. MILLIKIN. It is a manifest absurdity that all prices should be the same. When they are the same it indicates criminal connivance.

Mr. O'MAHONEY. I have concluded my statement.

Mr. MOODY. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I shall be very glad to yield.

Mr. MOODY. Is it not true that in addition to regulation 22, as the Senator from Ohio just pointed out, which is roughly incorporated into the bill, there is another regulation at the present time in effect by the OPS which provides that in order to stop inflation, no manufacturer shall ask for an increase in price, provided the profit of his industry is at a level higher than 85 percent of the highest of the 4 years between 1945 and 1949. So would not the amendment actually wipe out that particular provision of the OPS regulation?

Mr. O'MAHONEY. I think the Senator from Michigan is correct.

Mr. Eric Johnston, on numerous occasions, in committee and elsewhere, has explained over and over again that he has attempted to avoid dealing with the profit status of individual companies or

firms but has been content to deal with industries as a whole.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. GEORGE. Is it the intention of the Senator from Wyoming, in drafting his amendment, to carry out the ancient democratic doctrine of equal rights to all and special privileges to nobody, except the producers of cattle and sheep?

Mr. O'MAHONEY. Mr. President, I think the Senator from Georgia was not present when I explained my amendment. I would be very glad, indeed, to have ceiling prices on cattle, on live animals of any kind, if the Senator from Georgia or if Mr. Mike DiSalle or any other individual in price control, past, present, or future, can explain how a ceiling price can be placed upon a live steer.

Mr. MCFARLAND. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. MCFARLAND. I ask the Senator from Wyoming if it is not a fact that this inequality has already existed by reason of the fact that the OPS has rolled back the price of beef 10 percent, and as to a great many other commodities they have not rolled back any prices.

Mr. GEORGE. All I wanted to be sure of was that this was in full accord with the ancient democratic principle for which I thought I stood in years past.

Mr. O'MAHONEY. I am sure that the Senator from Georgia has always stood for the ancient democratic principle, and that principle deals with fundamental justice.

Mr. GEORGE. I ask the Senator if a hog is not a live animal, and if a goat is not a live animal, and if poultry and chickens are not live fowls; and if a ceiling cannot be put on one, how can a ceiling be put on the other?

Mr. O'MAHONEY. The reason is perfectly simple. In the case of a hog, that product is grown within a year. To raise cattle or sheep, particularly cattle, it takes 3 years.

Mr. GEORGE. Oh, no.

Mr. O'MAHONEY. I beg the Senator's pardon.

Mr. GEORGE. I have been raising some of them and I sell them all before they are 14 months old.

Mr. O'MAHONEY. Then, the Senator is dealing in calves?

Mr. GEORGE. Yes, I am. But that is the only profitable way I can do it under this democratic principle. So I want to conform.

Mr. O'MAHONEY. I am giving the Senator the democratic doctrine under which he can make some profit.

Mr. MILLIKIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MILLIKIN. Who is now controlling the time?

Mr. MAYBANK. Mr. President, I believe I have 2 minutes remaining.

Mr. MILLIKIN. Mr. President, will the Senator from South Carolina yield to me so I may withdraw my amendment, and I shall offer it later on?

Mr. WHERRY. Mr. President, will the Senator yield for a minute to me?

Mr. MAYBANK. Yes.

Mr. WHERRY. I should like to ask the Senator from Wyoming—

The PRESIDING OFFICER. Just a moment, please. The Senator from Colorado has withdrawn his amendment. No time is left.

Mr. MILLIKIN. I withdraw my amendment.

The PRESIDING OFFICER. The Senator from Colorado has withdrawn his amendment.

Mr. WHERRY. Is no time left on the O'Mahoney amendment on either side?

The PRESIDING OFFICER. No time is left on either side. The question now is on the amendment of the Senator from Wyoming [Mr. O'MAHONEY].

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. What is the question before the Senate?

The PRESIDING OFFICER. The Chair has just stated that the question now is upon the amendment offered by the Senator from Wyoming.

Mr. DOUGLAS. Mr. President, I should like to say—

The PRESIDING OFFICER. There is no time left for debate.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. Is it possible for me to accept the O'Mahoney amendment?

The PRESIDING OFFICER. Yes.

Mr. DOUGLAS. I accept the O'Mahoney amendment.

Mr. MAYBANK. Mr. President, I ask for the yeas and nays.

Mr. GEORGE. On what?

Mr. O'MAHONEY. On the Douglas motion.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WHERRY. I want to get the parliamentary situation straight. I submit first, that the Senator from Illinois can modify his own amendment, or his motion, rather, but he cannot accept the amendment of the Senator from Wyoming.

The PRESIDING OFFICER. The motion of the Senator from Illinois is to strike. Therefore the Senator cannot accept the amendment of the Senator from Wyoming. The Chair, when he made his previous statement, was not conversant with the fact that the Senator from Illinois had made a motion to strike. On a motion to strike the Senator cannot accept the amendment of the Senator from Wyoming.

The question is on the adoption of the amendment offered by the Senator from Wyoming.

Mr. O'MAHONEY. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. May I so amend my motion as to include the O'Mahoney amendment?

Mr. WHERRY. Mr. President, that is out of order. The yeas and nays have been ordered.

Mr. DOUGLAS. There has not yet been an order for the call of the roll. No Senator has voted.

Mr. WHERRY. The yeas and nays have been ordered.

The PRESIDING OFFICER. The yeas and nays have been ordered on the amendment of the Senator from Wyoming. The clerk will call the roll.

The Chief Clerk proceeded to call the roll, and several Senators voted as their names were called.

Mr. CASE. Mr. President, is a parliamentary inquiry in order?

The PRESIDING OFFICER. Yes.

Mr. CASE. The junior Senator from South Dakota would like to ask: If the O'Mahoney amendment prevails would the vote then recur on the Douglas motion as amended by the O'Mahoney amendment?

The PRESIDING OFFICER. The vote would recur only on the Douglas motion to strike out a section of the bill. The motion made by the Senator from Illinois is to strike out a certain provision of the bill. If the O'Mahoney amendment is defeated, then the question recurs upon the Douglas motion to strike.

Mr. CASE. Was not the O'Mahoney amendment offered as an amendment to the Douglas motion, and if so, if it were adopted—

The PRESIDING OFFICER. No, the O'Mahoney amendment was only offered as a substitute for language which the Douglas motion proposes to strike.

Mr. CASE. In other words, the O'Mahoney amendment is an amendment to the original bill?

The PRESIDING OFFICER. Yes.

Mr. CAPEHART. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CAPEHART. If the O'Mahoney amendment should prevail, would there then be a vote on the Douglas motion?

The PRESIDING OFFICER. Yes. The next vote would be on the Douglas motion to strike.

Mr. CAPEHART. If the O'Mahoney amendment, on which we are now voting, should prevail, then the next vote will be on the Douglas motion to strike?

The PRESIDING OFFICER. Yes.

Mr. MAYBANK. To strike out section 2.

The PRESIDING OFFICER. To strike out section 2, as amended.

Mr. MAYBANK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. O'MAHONEY. The Chair just now said "as amended."

The PRESIDING OFFICER. The Chair meant that if the O'Mahoney amendment were adopted, then the language in question would be amended.

Mr. CASE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CASE. If the O'Mahoney amendment should prevail, and the vote should then come up on the Douglas motion, the vote on the Douglas motion then, in effect, would be a vote to strike out the language of the O'Mahoney amendment?

The PRESIDING OFFICER. Yes; that is correct.

Mr. FULBRIGHT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FULBRIGHT. The Senator from Illinois a moment ago attempted to accept the O'Mahoney amendment. He can still withdraw his motion to strike out, can he not, and then if the O'Mahoney amendment is agreed to, the language of that amendment remains in the bill and is a part of the bill. Is not that correct?

The PRESIDING OFFICER. The Senate is now in process of voting on the amendment offered by the Senator from Wyoming. The Senator from Illinois may withdraw his motion if he wishes to do so.

Mr. FULBRIGHT. Then what would be the status?

The PRESIDING OFFICER. Of course, if the Senate should agree to the O'Mahoney amendment, it would take the place of the original provision in the bill.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. Do I correctly understand that the O'Mahoney amendment would eliminate section 2?

Mr. WHERRY. Mr. President, we cannot hear.

Mr. O'MAHONEY. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. O'MAHONEY. Is it not out of order, after a yeas-and-nays vote has been started, to have all this discussion?

The PRESIDING OFFICER. The Chair will say to the Senator from Wyoming that the Chair has been very lenient in responding to the inquiries of Senators, in the hope that the situation might be clarified. Strictly speaking, it is out of order. The proper order is to proceed with the roll call.

The Chief Clerk resumed and concluded the call of the roll.

Mr. JOHNSON of Texas. I announce that the Senator from Wyoming [Mr. HUNT] is absent on official business.

The Senator from South Carolina [Mr. JOHNSTON] is absent on official committee business.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on official business, having been appointed a representative of our Government to attend the International Labor Conference being held in Geneva, Switzerland.

The Senator from Florida [Mr. SMATHERS] is absent because of illness.

Mr. SALTONSTALL. I announce that the Senator from Montana [Mr. ECRON], the Senator from Massachusetts [Mr. LODGE], and the Senator from New Hampshire [Mr. TOBEY] are absent on official business. If present and voting,

the Senator from Massachusetts [Mr. LODGE] and the Senator from New Hampshire [Mr. TOBEY] would each vote "nay."

The Senator from Pennsylvania [Mr. MARTIN] is absent because of illness.

The result was announced—yeas 25, nays 63, as follows:

YEAS—25

Anderson	Hickenlooper	Mundt
Butler, Nebr.	Hill	O'Mahoney
Cain	Johnson, Colo.	Sparkman
Case	Johnson, Tex.	Underwood
Chavez	Kefauver	Welker
Clements	Langer	Wherry
Connally	McCarran	Young
Dworshak	McFarland	
Hayden	Monroney	

NAYS—63

Aiken	Gillette	McMahon
Bennett	Green	Millikin
Benton	Hendrickson	Moody
Brewster	Hennings	Morse
Bricker	Hoey	Neely
Bridges	Holland	Nixon
Butler, Md.	Humphrey	O'Connor
Byrd	Ives	Pastore
Capehart	Jenner	Robertson
Carlson	Kem	Russell
Cordon	Kerr	Saltonstall
Dirksen	Kilgore	Schoeppel
Douglas	Knowland	Smith, Maine
Duff	Lehman	Smith, N. J.
Eastland	Long	Smith, N. C.
Ellender	Magnuson	Stennis
Ferguson	Malone	Taft
Flanders	Maybank	Thye
Frear	McCarthy	Watkins
Fulbright	McClellan	Wiley
George	McKellar	Williams

NOT VOTING—8

Ecton	Lodge	Smathers
Hunt	Martin	Tobey
Johnston, S. C.	Murray	

So Mr. O'MAHONEY's amendment was rejected.

Mr. MCFARLAND. Mr. President, I wish to make an announcement.

As I announced yesterday, and again today, there will be a night session this evening. I hope that we shall make sufficient progress so that we can complete consideration of the bill tomorrow without a night session. I believe that if we all work hard enough we can do so.

Mr. WHERRY. I should like to inquire of the distinguished occupant of the chair what the status of time is with respect to the so-called Douglas motion.

The PRESIDING OFFICER. The Senator from Illinois [Mr. DOUGLAS] has 2 minutes remaining. The Senator from South Carolina [Mr. MAYBANK] has 3 minutes remaining.

Mr. MAYBANK. Mr. President, I use part of my time by asking for the yeas and nays.

Mr. DOUGLAS. I cede 2 minutes—

Mr. MAYBANK. Mr. President, if I have 3 minutes remaining, I yield the time to the Senator from Delaware [Mr. WILLIAMS].

Mr. WHERRY. Mr. President, what is the status with respect to the yeas and nays, which have been requested?

The PRESIDING OFFICER. The request for the yeas and nays is sufficiently seconded, and they are ordered.

Mr. DOUGLAS. I cede 2 minutes of my time to the distinguished junior Senator from Minnesota.

Mr. MAYBANK. I cede my time to the Senator from Delaware [Mr. WILLIAMS].

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. HUMPHREY. Mr. President, as I see the issue, in view of the fact that we have disposed of all substitutes and amendments to the Douglas motion, it boils down to the following: There are one of two ways in which to adjust the inequities which have necessarily crept into the system of price-control mechanism because of the delay in imposing price controls. One way, which is proposed by the committee, is to have all prices elevated, with no roll-backs, which is to penalize the consumer and to place upon the backs of the people of the country an additional obligation, because of the inflation which would be involved.

The second way in which to handle the inequities is to roll back the prices which were the product of business concerns and economic forces which took advantage of the market at the time the United States Government asked for voluntary controls. Each time the Government announced its desire to have voluntary controls prices of certain products went up.

What does the committee propose to do about it? The committee proposes to say that what was done despite the request of the Government shall be legalized. In other words, the committee says that business firms which complied with the request of the Government shall be penalized, and the firms which took advantage of the market shall be given a degree with honor.

We shall have before us in a little while a tax bill which will raise individual income taxes anywhere from 10 to 12 percent. The tax will be collected from individuals. The greatest amount of the tax will be paid, not by corporations, but by individuals. We are going to have an increase in excise taxes, which will be paid by the individual citizens. I have in my hand a study of the wage and price indexes, which was made by the Subcommittee on Labor and Labor-Management Relations of which I am the chairman. It shows that the overwhelming majority of nonagricultural workers in America have not received a wage increase of over 5 percent since January 1950. In other words, it shows that if we hike up prices and if we hike up taxes what we would be doing would be to take it out of the pockets of the little people of America.

I wish the issue to be stated quite plainly. By the vote we are about to cast we will indicate whether we are for the American people or whether we are for the institutions which have taken advantage of our critical international situation to raise prices. That is the issue before us. I submit that the Douglas amendment would hold down the cost of living.

IRREGULARITIES IN INTERNAL REVENUE COLLECTOR'S OFFICE, ST. LOUIS

Mr. WILLIAMS. Mr. President, I shall not direct my remarks to the pending amendment. I wish to insert in the Record certain correspondence which I have received from the Treasury Department and the Department of Justice. On May 7, 1951, I called to the attention of the Senate certain irregularities in the Office of the Collector of Internal Revenue in St. Louis. As a background to

my speech, I stated that there were three reports which formed the basis for my remarks. I made the flat statement that these reports were in the possession of the departments in Washington during the first grand jury proceedings, March 1 to March 14, 1951, and that either the Treasury Department or the Department of Justice, or both, were responsible for withholding them from the first grand jury, which convened in St. Louis.

Following my speech I received a call from the Department of Justice. They disclaimed any responsibility. I said that if I had erred in referring to them I would correct the Record and asked for a letter. I received a reply from them on June 1, 1951. However, in their first letter they referred to the grand jury now sitting, which is the second grand jury. I asked them to clarify their statement.

I ask for unanimous consent to insert in the RECORD at this point the letter which I wrote under date of June 6, 1951.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

UNITED STATES SENATE,
Washington, D. C., June 6, 1951.

MR. PEYTON FORD,
Deputy Attorney General,
Department of Justice,
Washington, D. C.

DEAR MR. FORD: I acknowledge receipt of your letter of June 1, 1951, in which you point out that it is not the Department of Justice which is responsible for certain evidence having been withheld from a grand jury in St. Louis, Mo.

I note, however, that your letter specifically refers to "the grand jury now sitting in the Eastern District of Missouri." My remarks on May 7, 1951, were directed about proceedings of the first grand jury, which was convened on March 1, 1951, through March 14, 1951. I suggest that you reread my statement as it appears in the CONGRESSIONAL RECORD of May 7, with particular reference to page 5051. You will find that this clearly indicates that it was to the first grand jury proceedings to which I was directing my remarks.

The question which is still unanswered is this: Did the Treasury Department advise anyone in the Department of Justice prior to March 14, 1951, of the existence of these files which contained this evidence against James P. Finnegan or is the Treasury Department solely responsible for the evidence having been withheld?

Did Mr. Drake Watson, the United States attorney in St. Louis, at any time during the first grand jury proceedings, which ended March 14, 1951, ask the representatives of the Treasury Department to supply him with whatever additional evidence they might have relative to any questionable activities on the part of the officials in the office of the Collector of Internal Revenue in the St. Louis district?

I am sure you have the answer to these questions readily available, and I therefore hope to receive an immediate reply in order that we might clear up this question in the RECORD and place the responsibility where it rightfully belongs.

Yours sincerely,

JOHN J. WILLIAMS.

Mr. WILLIAMS. Mr. President, I read one paragraph of the letter which I sent to the Department of Justice on June 6, 1951:

The question which is still unanswered is this: Did the Treasury Department advise anyone in the Department of Justice prior to March 14, 1951, of the existence of these files which contained this evidence against James P. Finnegan or is the Treasury Department solely responsible for the evidence having been withheld?

I received a reply to that inquiry from Mr. Peyton Ford, Deputy Attorney General, on June 26, 1951. I ask unanimous consent to have the letter printed in the RECORD at this point as part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF JUSTICE,
OFFICE OF THE DEPUTY
ATTORNEY GENERAL,
Washington, June 25, 1951.

Hon. JOHN J. WILLIAMS,
United States Senate,
Washington, D. C.

MY DEAR SENATOR: Further reference is made to my letters of June 1 and June 11 with regard to the grand jury at St. Louis, Mo.

I wish to reiterate the information given you in the third paragraph of my letter of June 1, 1951: A report with respect to this matter prepared by Treasury Agents Hartman and Lohn was presented to the grand jury on April 30, 1951; a report prepared by Treasury Agents Scanlon and Holt was presented to the grand jury on May 9, 1951; a report prepared by Treasury Agents Franklin and Coy was presented to the grand jury on May 10, 1951. You were advised in my subsequent letter of June 11, 1951, that at no time prior to these dates did the Department of Justice or the United States attorney's office at St. Louis have these reports.

I have discussed this matter with the Attorney General and without reference to the date of the reports you are again assured that at no time prior to the aforementioned dates did the Department of Justice, or the United States attorney's office at St. Louis, receive these reports.

The reports were promptly presented to the grand jury upon receipt thereof and the investigation with which you are concerned has been in progress and is still continuing on an active basis, and all facts will be presented to the grand jury.

Yours sincerely,
PEYTON FORD,
Deputy Attorney General.

Mr. WILLIAMS. Mr. President, I read one paragraph from the letter, which speaks for the whole letter. It reads:

I have discussed this matter with the Attorney General, and without reference to the date of the reports you are again assured that at no time prior to the aforementioned dates did the Department of Justice or the United States attorney's office at St. Louis receive these reports.

In other words, the Department of Justice emphatically denies that these reports had ever been turned over to it prior to the adjournment of the first grand jury on March 14, 1951. I want to say at this point that all the evidence indicates that the Department of Justice is correct and that I was in error in blaming them for withholding the reports from the first grand jury. It appears that the responsibility rests solely upon the Treasury Department.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that I may proceed for two additional minutes, in order to complete my insertion of these letters in the RECORD.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. WILLIAMS. Mr. President, following the denial on the part of the Department of Justice I directed a letter to Mr. George J. Schoeneman, Commissioner, Bureau of Internal Revenue, in Washington. I ask unanimous consent to have printed in the RECORD at this point in my remarks a copy of the letter which I sent to Mr. Schoeneman.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JUNE 8, 1951.

Mr. GEORGE J. SCHOENEMAN,
Commissioner, Bureau of Internal Revenue,
Washington, D. C.

DEAR MR. SCHOENEMAN: I am sure you have read the CONGRESSIONAL RECORD of May 7, 1951, at which time I discussed certain questionable financial transactions of James P. Finnegan while serving as collector of internal revenue in St. Louis, Mo.

I made the statement that this evidence and the reports referred to in my speech were in the possession of the departments here in Washington at the time the first grand jury was in session—March 1 to March 14, 1951. I also made the statement that both the Treasury Department and the Department of Justice must assume responsibility for this evidence having been withheld from that first grand jury.

The Department of Justice is now denying their responsibility, and they claim that the evidence had never been presented to them nor were they aware of its existence prior to the adjournment of that first grand jury on March 14, thereby indicating that it is the Treasury Department alone who is responsible.

In order that you might have an equal opportunity to present the Treasury Department's side of this question, I would appreciate it if you will advise me whether or not such is the case. If not, upon what date was the Department of Justice or any of its representatives advised of the existence of those files referred to in my speech.

If it is true that the Treasury Department did not present this evidence to the Department of Justice or to the first grand jury which convened in St. Louis on March 1 to March 14, will you please explain.

Yours sincerely,
JOHN J. WILLIAMS.

Mr. WILLIAMS. Mr. President, I read from that letter:

The Department of Justice is now denying their responsibility, and they claim that the evidence has never been presented to them nor were they aware of its existence prior to the adjournment of that first grand jury on March 14, thereby indicating that it is the Treasury Department alone who is responsible.

In order that you might have an equal opportunity to present the Treasury Department's side of this question, I would appreciate it if you will advise me whether or not such is the case. If not, upon what date was the Department of Justice or any of its representatives advised of the existence of those files referred to in my speech.

If it is true that the Treasury Department did not present this evidence to the Department of Justice or to the first grand jury

which convened in St. Louis on March 1 to March 14, will you please explain.

I received a reply from Mr. Schoeneman under date of June 19, 1951. It reads as follows:

JUNE 19, 1951.

Hon. JOHN J. WILLIAMS,
United States Senate,
Washington, D. C.

MY DEAR SENATOR: This will acknowledge receipt of your letter dated June 8, 1951, in which you refer to the CONGRESSIONAL RECORD of May 7, 1951, at which time you discussed certain transactions of James P. Finnegan while serving as collector of internal revenue in St. Louis, Mo.

The alleged irregularities are now being actively presented to the grand jury at St. Louis. Although I appreciate your affording this office an opportunity to discuss the questions you raise, I am convinced, and I am sure you will agree, that until the grand jury which has been sitting continuously since March 1, 1951, shall have completed its investigation it would be inappropriate for me to say anything at this time which might be prejudicial to their fair consideration and action upon all of the facts.

Very truly yours,
GEO. J. SCHOENEMAN,
Commissioner.

In other words he has no comment to make on the charges. It is rather significant to note that one of the representatives who appeared before the first grand jury, was a Treasury agent whose name appears on one of the reports. I am glad to clear up this situation and add that I agree with the Department of Justice that apparently the responsibility rests solely on the Treasury Department for the reports having been withheld.

Apparently the Treasury Department has awakened. I understand that Mr. Schoeneman has turned in his resignation today. Also it is rather interesting to note that the collector of internal revenue in the Boston district was suspended this morning.

EXTENSION OF DEFENSE PRODUCTION, AND HOUSING AND RENT ACTS

The Senate resumed the consideration of the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Illinois to strike out section 2. On this question, all time has expired, and the yeas and nays have already been ordered.

Mr. SPARKMAN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SPARKMAN. In the event the motion of the Senator from Illinois is agreed to, section 2 will be stricken out. Is that correct?

The PRESIDING OFFICER. Yes; in that event the entire section 2 will be stricken out.

Mr. SPARKMAN. In the event the motion of the Senator from Illinois is rejected, will that section of the bill be open to amendment?

The PRESIDING OFFICER. It will be open to amendment.

Mr. BUTLER of Nebraska. Mr. President, it had been my intention to obtain some time to discuss the pending question. However, that has not been possible. Therefore, I ask unanimous consent to have printed at this point in the RECORD a statement which I had intended to make on this question.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

**PREVENT ANY MORE ROLL-BACKS ON CATTLE—
STATEMENT BY SENATOR BUTLER OF NEBRASKA**

I very much hope the Senate will not permit the OPS to put into effect the two additional roll-backs which have been announced. I believe this proposed action would be disastrous from the standpoint of the production of beef. Furthermore, I do not feel that these roll-backs are justified by the facts at all.

During the last few months, the country has heard a great deal of antagonistic propaganda from the Office of Price Stabilization directed toward the cattle industry. The Office of Price Stabilization seems to have picked the cattle industry as its particular whipping boy in any discussion of the problem of controlling prices. Perhaps OPS officials recall that it was their inability to control meat in 1946 which led to the abolishment of price controls at that time. Perhaps it is the old story of bearing a grudge against someone to whom you have done an injury.

Certainly the old OPA did terrible injury to the meat industry in 1946. It took 3 or 4 years for the cattle industry to recover from the destruction of breeding herds and the interference with normal marketing practices which occurred at that time. Now, it appears that the OPS has taken up where its predecessor has left off. It appears that the OPS is determined to show the cattle industry that it must submit to the dictates of bureaucratic regulation.

Mr. Michael DiSalle is particularly fond of stating that cattle and meat prices are too high. In doing that, he has two arguments. He commonly quotes the parity formula as it affects cattle, and he has repeatedly stated that even after the roll-backs, cattle prices are still at 125 percent of parity. That statement is simply not true—at least for some grades of cattle, particularly those grades which supply the better quality meat.

For some years, the Department of Agriculture has regularly published a table showing the parity prices for various grades of beef cattle translated or converted into market prices at the Chicago Stock Yards. In other words, the parity formula is based in the first place on prices at the farm, and is a simple average of all types of cattle—prime choice, good, and commercial grades, canners and cutters, feeders, and so forth.

It is possible to compute what the department calls a parity price equivalent for each grade at each marketing point, and until very recently this parity price equivalent has been computed for the various grades at the Chicago Stock Yards.

I have worked out the parity price equivalents for prime steers at Chicago for the rest of this year, using the Agriculture Department's formula. Assuming that the farmers' costs do not advance any further on the basis of this calculation, it is evident that the two impending roll-backs, if put into effect, would actually force the prices of prime steers at Chicago below parity. In other words, by November and December of this year, prime steers at Chicago would be selling at only 92 percent of parity—not the 125 percent that Mr. DiSalle is so fond of quoting.

I have called these facts to Mr. DiSalle's attention in a letter I wrote him yesterday. That letter reads as follows:

Hon. MICHAEL V. DiSALLE,
Director, Office of Price Stabilization.

MY DEAR MR. DiSALLE: During the last few months you have repeatedly made the statement that cattle prices had reached a level of 152 percent of parity prior to your recent order, and that the three roll-backs you have ordered would not reduce cattle prices below a level of approximately 125 percent of parity. These statements you have used as justifications for the series of regulations controlling prices of the meat and cattle industries.

I do not question your sincerity in making these statements, since I understand you rely upon the Department of Agriculture for computations of parity prices. However, I believe I should point out to you that these figures you have used do not give an accurate picture of the cattle-price situation. In fact, your roll-back orders, if put into effect, would actually reduce cattle prices, on some grades of cattle at least, below parity.

I have prepared a table showing the effect of the roll-back orders on the price of Prime steers at Chicago, together with a tabulation showing the parity price equivalent of such steers, using the formula developed by the Department of Agriculture and until recently published by the Bureau of Agricultural Economics in the publication entitled "Agricultural Prices." This table is enclosed, and, as you can see, under your orders the price of Prime steers at Chicago would be depressed below parity beginning in September of this year and would fall as low as 92 percent of parity by November.

Under these circumstances, your second and third roll-backs would not be within your authority even under the terms of existing law. Furthermore, it seems to me that this administration owes an apology to the cattle industry, and particularly to cattle feeders, for attempting to make out that they are demanding something unfair or unwarranted.

Your comments with respect to this matter would be appreciated, and I am also sending copy of this letter with the attached table to the Secretary of Agriculture.

Sincerely yours,

HUGH BUTLER,
United States Senator, Nebraska.

On the basis of these facts, I do not see how Mr. DiSalle can possibly have the au-

thority to put these new roll-back orders into effect. Paragraph 3 of section (d) under title IV provides:

"No ceilings shall be established or maintained for an agricultural commodity below the following prices: (1) The parity price for such commodity as determined by the Secretary of Agriculture * * * and adjusted by the Secretary of Agriculture for grade location and seasonal differentials."

The other figure Mr. DiSalle is fond of quoting is the increase in cattle prices since January 1950. I have secured from the Department of Agriculture a tabulation showing prices for beef cattle by months from the beginning of 1948 up to date. It is certainly true that cattle prices have advanced substantially since January of 1950. It is also a fact that in January 1950 cattle prices were near the lowest point in recent years.

Why does Mr. DiSalle choose January 1950 as the basis of his comparison? Why has he selected the lowest price period for beef cattle as the basis on which to make his computations? Does he mean to imply that the level of prices in January 1950 was ideal? If so, he has picked a period of depression as the basis for his regulations in the cattle industry.

In 1948 average prices received by farmers for beef cattle reached a high point of \$25.20, and averaged \$22.20 during the year. In 1949 cattle prices were generally unfavorable, but, even so, averaged higher than Mr. DiSalle's base figure. They averaged \$19.80 throughout the year 1949, whereas they had dropped to \$19.70 by January of 1950.

During 1950, even before the fighting started in Korea, cattle prices had again advanced substantially. By June of last year, before the fighting started, cattle prices to farmers averaged \$23.70. Mr. DiSalle prefers to make his comparison with the January 1950 prices of \$19.70. He likes to show that cattle prices have increased, and he neglects to mention the fact that a large part of that increase occurred before the fighting started.

If he is interested in making comparisons, the least he could do would be to make the comparison with a normal price, such as obtained just before the Korean outbreak.

I now submit a table showing prices received by farmers for beef cattle by months from 1948 up to date, prepared by the Department of Agriculture:

TABLE 50.—Livestock: Prices received by farmers, United States averages, Livestock Market News, statistics and related data, 1949

[Livestock Branch, U. S. Department of Agriculture, Production and Marketing Administration]

	Beef cattle, per 100 pounds												Average
	Jan. 15	Feb. 15	Mar. 15	Apr. 15	May 15	June 15	July 15	Aug. 15	Sept. 15	Oct. 15	Nov. 15	Dec. 15	
1948.....	\$21.30	\$20.10	\$21.50	\$22.50	\$23.90	\$24.40	\$25.20	\$23.70	\$23.30	\$21.20	\$20.80	\$20.40	\$22.20
1949.....	20.20	18.90	20.70	21.00	21.10	20.90	20.00	18.40	19.70	19.20	18.90	19.00	19.80
1950.....	19.70	20.50	21.20	21.90	23.10	23.70	24.40	24.20	24.60	24.20	24.60	25.20	23.20
1951 up to date..	27.00	29.00	29.70	30.20	29.50								

NOTE.—The above figures for the years 1948-49 are taken from the printed figures in the publication referred to for the year 1949. The figures for 1950 and the 5 months of 1951 were furnished by the Livestock Branch of the Production and Marketing Administration from the same source as the printed figures for the earlier years.

As a matter of fact, prices of cattle have only recently recovered to the levels they reached in 1948. All during 1949 and the early part of 1950, cattle prices were in a bad slump. Not until the early part of 1951, had they recovered to the 1948 level.

I have secured another table comparing prices for various grades of cattle at Chicago during 1948 and 1951. In some grades of cattle, prices have recovered to 1948 levels only during the last few months—as recently as March of this year. For example, Prime steers reached a high of \$39.48 in 1948, but

then slumped off badly. As recently as January of 1951, Prime steers were still only \$38, and in February they were \$39. They did not reach the 1948 figure until March of 1951, when the average price was \$40.03. Since the OPS roll-back, they have slumped off again, and are again below the price levels reached in 1948. The same is true for Choice. In other cases, they have not yet reached the 1948 level.

The prices of the things the farmer must buy have increased substantially since 1948, and they are still going up. Wage rates

have been increased steadily and substantially since 1948. But Mr. DiSalle wants to push cattle prices down below the 1948 levels.

I submit at this point a table supplied me by the Department of Agriculture, giving average market prices at Chicago for various grades of beef cattle:

Market price per 100 pounds for selected classes of cattle and calves 1948 and 1951—beef steers for slaughter

Date	Chicago					
	Prime	Choice	Good ¹	Commercial ¹	Utility	Grades
1948						
January.....	36.80	30.36	25.69	-----	21.82	29.16
February.....	30.57	27.10	23.91	-----	20.95	26.43
March.....	29.42	25.92	24.41	-----	22.07	26.71
April.....	30.37	28.17	25.43	-----	22.59	28.43
May.....	32.41	30.91	28.02	-----	25.48	31.33
June.....	36.79	34.85	30.97	-----	23.91	34.72
July.....	38.72	36.44	30.83	-----	22.84	36.37
August.....	39.48	36.02	29.15	-----	22.89	35.22
September.....	33.91	34.49	27.59	-----	22.63	34.03
October.....	37.06	32.24	25.95	-----	21.68	32.05
November.....	36.28	30.68	25.80	-----	22.01	30.71
December.....	32.56	27.82	24.09	-----	21.28	26.78
Year.....	35.24	30.96	26.31	-----	22.16	30.88
1951						
January.....	38.38	34.77	31.88	29.47	27.32	34.10
February.....	39.45	35.98	33.09	30.96	28.54	34.88
March.....	40.03	36.67	33.86	31.97	29.96	35.62
April.....	40.16	36.93	34.49	32.78	30.74	35.95
May.....	38.73	36.52	34.03	31.32	28.06	35.71

¹ Good grade for 1948 is comparable to the good and common combined in 1951.

As to prices of beef, I have secured a table from the Bureau of Labor Statistics, and again we find that prices on beef carcasses are hardly at all above the levels they reached in 1948. Beef carcasses, Choice grade, reached an average point during September 1948 of \$59.80 per hundred pounds. They dropped sharply late in 1948, and stayed down during 1949 and part of 1950. In January of this year, when the freeze order was issued, beef carcasses were still substantially cheaper than they were in 1948. They did not reach and pass 1948 figure until April of this year. By OPS regulations they are to be pushed far down below the price received in 1948.

I do not believe any other industry is so pushed down below the levels reached 3 years ago. I am sure no labor group is to be asked to accept a wage below the 1948 levels. During these 3 years, costs and prices to the farmer have gone up, but he is told he must accept a lower return for the product of his labor.

I submit at this point a table supplied me by the Bureau of Labor Statistics, giving average wholesale prices of beef carcasses by months during 1948 and 1951.

Average wholesale prices of beef carcasses, per 100 pounds

Date	Beef carcasses	
	Choice grade	Utility grade
1948		
January.....	\$54.232	\$34.179
February.....	48.804	33.000
March.....	47.214	36.229
April.....	49.946	39.250
May.....	52.214	42.375
June.....	55.364	40.686
July.....	58.714	39.857

Average wholesale prices of beef carcasses, per 100 pounds—Continued

Date	Beef carcasses	
	Choice grade	Utility grade
1948		
August.....	\$59.493	\$37.914
September.....	59.804	37.661
October.....	56.902	34.071
November.....	54.536	34.229
December.....	51.107	34.214
Annual average.....	54.037	36.994
1951		
January.....	56.200	41.771
February.....	58.705	44.500
March.....	59.625	45.071
April.....	59.911	45.750

Source: U. S. Department of Labor, Bureau of Labor Statistics.

If these two additional roll-backs are put into effect, I do not like to think of the consequences that may result for American consumers. In England, they still have meat rationing left over from World War II. The Socialist Government of England, despite all its promises and all its good intentions, have never been able to provide British consumers with an unrationed supply of the meat they want to buy. Worse than that, the ration for British consumers has been steadily reduced. During recent weeks, the ration was cut down to the point where English consumers were permitted only about 10 or 12 pence worth of meat per week. In this matter, as in so many others, those who desire to control our economic system from bureaus in Washington seem to have taken the British as their model. I am informed that ration books have already been printed, and are ready for distribution. Official spokesmen for the OPS and other defense agencies deny on every occasion that they have any thought of returning to rationing, but there can be no doubt that it is in the back of their minds. They are not so foolish that they cannot see some of the consequences of their policies. They know perfectly well what the ultimate results will be if cattle feeders are forced to cut down sharply on their operations.

If meat producers cannot be given assurance against the arbitrary destruction of values by Government regulation, they cannot be held responsible for the shortages they are sure to develop. It is far more important to be sure we have enough meat than to worry about a few cents one way or the other on the price that consumers pay. Consumers want a reasonable price, but they also want to be sure they can buy something at that price. Every Member of the Senate knows in his heart that these two additional roll-backs will hurt beef production. We are not protecting the interests of consumers if we permit that to occur.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Illinois to strike out section 2 of the bill.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from Wyoming [Mr. HUNT] is absent on official business.

The Senator from South Carolina [Mr. JOHNSON] is absent on official committee business.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on

official business, having been appointed a representative of our Government to attend the International Labor Conference being held in Geneva, Switzerland.

The Senator from Florida [Mr. SMATHERS] is absent because of illness.

Mr. SALTONSTALL. I announce that the Senator from Montana [Mr. ECTON], the Senator from Massachusetts [Mr. LODGE], and the Senator from New Hampshire [Mr. TOBEY] are absent on official business. If present and voting, the Senator from Massachusetts [Mr. LODGE] and the Senator from New Hampshire [Mr. TOBEY] would each vote "yea."

The Senator from Pennsylvania [Mr. MARTIN] is absent because of illness.

The Senator from Utah [Mr. WATKINS] is detained on official business.

The result was announced—yeas 26, nays 61, as follows:

YEAS—26

Anderson	Hennings	Moody
Benton	Hill	Morse
Chavez	Humphrey	Neely
Douglas	Ives	O'Connor
Fulbright	Kefauver	Pastore
Gillette	Kilgore	Saltonstall
Green	Lehman	Smith, Maine
Hayden	Magnuson	Sparkman
Hendrickson	McMahon	

NAYS—61

Aiken	Flanders	Millikin
Bennett	Frear	Monroney
Brewster	George	Mundt
Bricker	Hickenlooper	Nixon
Bridges	Hoey	O'Mahoney
Butler, Md.	Holland	Robertson
Butler, Nebr.	Jenner	Russell
Byrd	Johnson, Colo.	Schoeppel
Cain	Johnson, Tex.	Smith, N. J.
Capehart	Kem	Smith, N. C.
Carlson	Kerr	Stennis
Case	Knowland	Taft
Clements	Langer	Thye
Connally	Long	Underwood
Cordon	Malone	Welker
Dirksen	Maybank	Wherry
Duff	McCarran	Wiley
Dworshak	McCarthy	Williams
Eastland	McClellan	Young
Ellender	McFarland	
Ferguson	McKellar	

NOT VOTING—9

Ecton	Lodge	Smathers
Hunt	Martin	Tobey
Johnston, S. C.	Murray	Watkins

So Mr. DOUGLAS' motion was rejected.

Mr. MOODY. Mr. President, I offer an amendment, which I send to the desk and ask to have read.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 2, in line 8, after the word "after" it is proposed to insert: "60 days after."

Mr. MOODY. Mr. President, this is a simple amendment. It is designed merely to delay for 60 days the effective date of section 2, which was inserted in the bill by majority vote of the Banking and Currency Committee.

The distinguished chairman of the committee in discussing this amendment, which he fathered on the floor yesterday, conceded that there were distortions in the price rises which occurred between the date of the invasion of Korea and the date of the tentative freeze on January 25; but he said that the administrative agencies had had plenty of time to adjust those distortions.

tions and to make such roll-backs as were in the national interest.

I should like to point out again to the Senate that during the period of rising prices between July 1, 1950, and January 25, 1951, there were some persons who held their prices in response to the plea of the Government, but there were others who did not do so, but took all they could out of the markets and inflated the price structure. The recent effort of the Office of Price Stabilization has been to rebalance and restore the equilibrium which existed on the last date of the normal economy, namely, in last May and June. The provision of the Committee on Banking and Currency would change this basic stabilization date from pre-Korea to January and February of this year.

It occurs to me that, since there are certain dislocations which must be adjusted, and since two or three amendments have been offered today with the purpose of affording opportunity to adjust dislocations, which, I believe was the intent of the amendments of the Senator from Colorado and other Senators, we should give Mr. Johnston a 60-day period in which to put those adjustments into effect.

Mr. FREAR. Mr. President, will the Senator yield?

Mr. MOODY. I yield to the Senator from Delaware.

Mr. FREAR. Do I correctly understand that the meaning of the Senator's amendment is that it will extend the effective date of section 2 for 60 days?

Mr. MOODY. That is correct.

Mr. FREAR. That is all?

Mr. MOODY. That is all.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. MOODY. I yield to the Senator from South Carolina.

Mr. MAYBANK. I deeply appreciate the suggestions of the Senator from Michigan. I understand someone suggested that the House wanted an extension of 30 days.

Mr. MOODY. I am not talking about extending the entire law.

Mr. MAYBANK. The debatable aspect, and the most serious aspect, in my judgment, is that rent control was saddled with the amendment of the Senator from Illinois. I may be wrong, but I hope the Senator will not press his amendment, because a vote has been taken, and every vote has been counted. There may be some other amendments, regarding which I may differ with the distinguished Senator from Illinois or with the distinguished Senator from Michigan, but I merely wanted to make it plain that I do not see how, on behalf of the committee, we could accept such an amendment.

Mr. DOUGLAS. Mr. President, will the Senator yield for a question?

Mr. MOODY. I yield to the Senator from Illinois.

Mr. DOUGLAS. Is the effect of the amendment of the Senator from Michigan to permit the manufacturer's roll-back, scheduled for July 2, to go into effect, and to permit the second roll-back on beef to go into effect, but not the third roll-back on beef?

Mr. MOODY. That is correct.

Mr. DOUGLAS. So, the effect of the amendment of the Senator from Michigan is really to do what the Senator from Wyoming was seeking to do, but which we could not effect because of the parliamentary situation existing at the time?

Mr. MOODY. That is the case.

Mr. DOUGLAS. We hope, therefore, that the amendment of the Senator from Michigan will pick up more support than the amendment which I offered.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. MOODY. I yield to the Senator from South Carolina.

Mr. MAYBANK. Do I correctly understand that the amendment would affect the second roll-back on beef? I voted against the O'Mahoney amendment, not believing that beef should be exempted, by itself.

The PRESIDING OFFICER. The Senator from Michigan has not completed his remarks.

Mr. FREAR. Mr. President, will the Senator yield?

Mr. MOODY. I yield to the Senator from Delaware.

Mr. FREAR. I think the Senator from South Carolina would like to have his question answered.

Mr. MOODY. Pardon me.

Mr. MAYBANK. I voted against the O'Mahoney amendment, not believing that beef should be permitted to be exempted.

Mr. MOODY. May I inquire of the Senator whether this is in his time?

Mr. MAYBANK. Certainly. What else does the Senator's amendment affect?

Mr. MOODY. The Senator will remember that the two of us discussed at some length the dislocations which have taken place in the industrial economy of the country, as between the business people who held the line between Korea and January 25, and those who increased their prices. Now, as the Senator so well pointed out, there has been some time in which to make the necessary readjustments, and perhaps the action in that regard has been too slow.

Mr. MAYBANK. That is my judgment.

Mr. MOODY. Nevertheless, I submit to the Senator from South Carolina that it has been a very difficult job. There were delays in setting up the agency, and like obstructions, and since the dislocations, for whatever reason, have not yet been remedied, if we are to pass a bill which would make it impossible for the adjustments to be made, effective as of the end of this week, it seems to me that we should give them a little period of time in which to make the required adjustments, and to squeeze some of the unneeded price increases out of the economy. I hope the distinguished chairman agrees with me. I believe this is in line with his thoughts and in accordance with his views in this matter.

Mr. MAYBANK. No; I do not believe in any roll-backs beyond July. But I will say that I voted against the amendment to permit beef and lamb not to be rolled

back for the benefit of the housewife. Now the Senator brings up an amendment to roll them back even further, does he?

Mr. MOODY. No.

Mr. MAYBANK. I know the Senator voted against it. I also voted against it.

Mr. MOODY. My principal purpose in offering this amendment is to allow for the adjustment of inequities and dislocations, which certainly have taken place within the economy, by allowing a 60-day period for adjustment, before section 2 shall take effect.

Mr. MAYBANK. I understand, then, if I may clear up the situation in my time, that the committee bill permits the roll-back on beef, which has been put into effect. Is that generally understood?

Mr. MOODY. Pardon me?

Mr. MAYBANK. The committee amendment permits the beef roll-back under the order which has been put into effect.

Mr. MOODY. That is correct, the first roll-back.

Mr. MAYBANK. I am glad to hear the Senator say that. Now, what the Senator proposes is another roll-back, is it?

Mr. MOODY. The second roll-back.

Mr. MAYBANK. I am not so much interested in beef as in people. I am not primarily interested in beef or cotton or any other commodity. I am interested in the general economy, as the Senator from Georgia stated when an effort was made to adopt an amendment to accomplish a special purpose. I have never sponsored such an amendment.

Mr. MOODY. My amendment would merely make it possible to adjust the dislocations which exist in the economy.

Mr. FREAR. My President, will the Senator yield?

Mr. MOODY. I yield to the Senator from Delaware.

Mr. FREAR. Do I correctly understand that this amendment does not pertain to the roll-back on beef, but to other commodities?

Mr. WHERRY. Mr. President, may we have order? We are unable to hear.

The PRESIDING OFFICER. The Senate will be in order.

Mr. FREAR. My question is, do I correctly understand that the 60-day extension which the Senator has proposed would permit another roll-back of beef prices, but that would be the only roll-back to be permitted? Or would it permit roll-backs on commodities the Administration might desire?

Mr. MOODY. It would permit adjustments of inequities in the price structure, and would give an additional 60 days within which to restore the normal balance of price relationships in the economy.

Mr. FREAR. I thank the Senator.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. MOODY. I yield to the Senator from Nebraska.

Mr. WHERRY. By reason of the confusion, it has been very difficult to hear the colloquy. I should like to ask the distinguished Senator whether I cor-

rectly understood the effect of the amendment which has been offered. As I understood, it is proposed that, for a period of 60 days following the passage of this bill, the Price Administrator could take some action. What action could he take? Could he make any roll-back he desired to make?

Mr. MOODY. The effect of the amendment, I may say to the distinguished minority leader, would be to defer the effective date of the so-called Maybank amendment for 60 days.

Mr. MAYBANK. It is not the Maybank amendment.

Mr. MOODY. The amendment of the committee majority.

Mr. MAYBANK. I want to make the record straight. It was a committee amendment, though I proposed it.

Mr. MOODY. It was an amendment approved by the committee. The purpose of it is to give the Administrator a further opportunity to adjust and bring into balance the prices which rose in an uneven degree between Korea and January 25.

Mr. WHERRY. One more question, if the Senator will yield.

Mr. MOODY. I shall be delighted to yield.

Mr. WHERRY. The answer to my question is, is it not, that the Price Administrator will have an opportunity within 60 days to make any roll-back he desires, whether it be on meat or anything else?

Mr. MOODY. He may continue to operate under the present law for 60 days.

Mr. WHERRY. So, if he wants to make adjustments between now and 60 days from now, before these prohibitions go into effect, he can do as he chooses with reference to rolling back prices on any commodity?

Mr. MOODY. Yes. One of the points made repeatedly by the distinguished chairman of the committee, has been that he wants to clear up all uncertainty. He does not want to have the law continued—

Mr. WHERRY. I understand the purpose.

Mr. MOODY. So I felt that this amendment would set a specific date beyond which the Administrator could make no more roll-backs, but it would give him time to adjust inequities in the present price structure.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. MAYBANK. Mr. President, I yield ten minutes, if necessary, to the Senator from Indiana.

The PRESIDING OFFICER. The Senator from Michigan still has the floor.

Mr. CAPEHART. I shall speak on my own time, Mr. President.

Mr. McMAHON. Mr. President, will the Senator yield?

Mr. MOODY. I yield to the distinguished Senator from Connecticut.

Mr. McMAHON. If the amendment goes into effect it would mean that the Administrator would operate under the present law, would it not?

Mr. MOODY. For 60 days; yes.

Mr. McMAHON. Under the present law, he can institute roll-backs from a

pre-Korea date, and this amendment would give him 60 days to institute some further roll-backs if he should find them justified.

Mr. MOODY. That is correct. I might point out that there are roll-backs on clothing, shoes, and other articles which have been announced but which are not yet effective, and if the committee bill is passed it is my understanding that they would not be effective and the consumers would lose the benefit of those roll-backs.

Mr. McMAHON. If this bill is not enacted this week, and if we extend the law for 30 days, it will give the Administrator a chance, for 30 days, to put those roll-backs into effect. Is that correct?

Mr. MOODY. It would. But I feel that the Administrator might be hesitant in the face of a situation in which he might feel he would be criticized if Congress was about to ban roll-backs, if he placed many roll-backs in effect. Of course, he is undoubtedly inured to criticism by now.

Mr. McMAHON. I can say to the Senator that any Price Administrator who thinks he is not going to be criticized, no matter what he does, is out of his mind.

Mr. MOODY. I think that is a very penetrating observation.

Mr. WHERRY. I should like to go back to the meat question. Of course the amendment applies to every commodity, but because it contemplates a roll-back in August it would also be against meat. I am wondering whether the Senator intended that to be the result.

Mr. MOODY. I believe there has been considerable discussion in the Senate and around the Senate as to the possibility of having one of the two remaining roll-backs on beef effective and the other one not effective. I believe the effect of the amendment would be to make the second roll-back on beef effective, but the third one would not be effective.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. MOODY. I yield.

Mr. MAYBANK. First, I should like to ask the Senator whether he wants a yea-and-nay vote.

Mr. MOODY. I merely hope that I have made a constructive suggestion which the Senate may adopt.

Mr. MAYBANK. I do not agree with the Senator from Michigan, but at least he brings the issue to the Senate. Some persons are talking about extending the present law for 30 or 60 days, doing by indirection what the Senator from Michigan has had the courage to bring directly before the Senate of the United States.

Mr. MOODY. I thank the Senator from South Carolina.

Mr. MAYBANK. I commend him for his sincerity, as I have done previously. He wants to extend for 60 days the roll-back provisions under section 2, which would allow all roll-backs to go back to pre-Korea. It has been stated that we cannot get a vote by next Saturday. By indirection it is sought to do what the

Senator from Michigan has stated on the floor of the Senate.

Mr. MOODY. I thank the chairman of the committee. I yield to the Senator from Connecticut.

Mr. BENTON. Mr. President, this amendment is not out of line with the spirit of the remarks of the chairman of the Banking and Currency Committee in the debate on the floor yesterday. Again and again he pointed out that the administrative authorities have had a great deal of time within which to effect the greatly needed adjustments, and to iron out the distortions in the price structure. More than once he said they still have until the 1st of July.

Mr. President, I invite the attention of the Senate to one of the forthcoming scheduled actions of the Price Administrator, due on July 2. It is based on a study of the experience of over 75,000 manufacturers. Many of these concerns have gone to great expense to get the costs assembled. Roll-forwards as well as roll-backs are involved on the 2d of July. Whether these ceilings would be canceled under the new law, I have not determined.

Mr. President, I think we are all inclined to forget the effort made last fall to hold down prices on a voluntary basis. I should like to read a statement of our distinguished committee chairman on that subject. I am sure that many patriotic and honest American businessmen heeded that statement. The Senate Banking and Currency Committee, on page 32 of its report on last year's bill, stated:

While no specific measures can be prescribed for this purpose in the bill, in fact much can be done on an entirely voluntary basis to restrain the inflationary forces.

The committee chairman, in opening the debate on the floor on August 10 of last year, discussed this part of the report in the following statement:

Under these measures, the first reliance is placed on the voluntary self-restraint and discipline of consumers, industry, and agriculture. I wish to impress upon the Senate the fact that the first thing we did was to suggest the voluntary self-restraint program which is contained in Title I. Patriotic Americans can do much, on an individual basis, to prevent hoarding and unwarranted price increases.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. BENTON. I yield.

Mr. MAYBANK. When I suggested the voluntary basis it was merely because the administration did not send down any price-control bill at all last year, and through the efforts of the Committee on Banking and Currency we wrote into the law, after testimony by Mr. Baruch, a provision which was never used until last January.

Mr. BENTON. It is difficult to recapture what motivated our administrative officers during the difficult periods we have been through in the last year. For example, there was a lull last fall in the rising prices, when we were doing well in Korea and before the Chinese Communists moved in. There was this lull when we thought the current had turned. We hoped that the price

index would not continue to swing upward. During that period, prior to December 19, many businessmen held their prices down, and failed to raise them while they had the full power to do so, in the hope that by voluntary methods and cooperation the job could be properly done and the line held. Both large and small business concerns were included among these.

Not long ago I received a telephone call from a representative of friends who are executives of the great Ford Motor Co. in Detroit, complaining about the fact that because they voluntarily cooperated last fall with Government officials and did not increase prices, they have since been penalized through the manner in which the provisions now operate against them.

Mr. President, unfortunately this hope of last fall for voluntary cooperation, although thousands of businessmen all over the country cooperated, did not work out.

Under section 2 of the present act which we are now debating, these honest businessmen, who cooperated last fall and did not raise their prices, are the ones who are going to be penalized, and those who did raise their prices, who decided they would jump on the bandwagon of inflation, who put up their prices all they could, who tried to get all the traffic would bear—they are the ones who are now being rewarded by this new provision. We should at least amend the act in line with the Senator from Michigan's amendment so that before title 11 begins to operate, some of the more grievous distortions can be ironed out.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BENTON. I am glad to yield.

The PRESIDING OFFICER. The time of the Senator from Connecticut has expired.

Mr. MAYBANK. Mr. President, I have promised some time to the Senator from Indiana and also to the Senator from Vermont.

Mr. BENTON. Mr. President, will the Senator yield me a few more minutes? I should like to complete my statement. There was so much colloquy with the Senator from Missouri in an effort to have this amendment properly understood, that the Senator from Missouri was not able to yield to the Senator from Connecticut the time for his speech that he had promised him.

Mr. MAYBANK. I am glad to yield some time to the Senator from Louisiana so he may ask the Senator from Connecticut a question. I yield the Senator from Louisiana 1 minute, or if he desires, 2 minutes.

Mr. LONG. Mr. President, the Senator from Connecticut spoke of those who did not comply with voluntary controls. The Senator realizes, does he not, that those who administer the act had authority at all times to apply voluntary controls instead of compulsory controls, had they so desired?

Mr. BENTON. That is true. And the very ones who protested compulsory controls and who were hoping most to avoid them, are among those today who

are most vigorous and vociferous in their questions: Why were they not put in? Why were the prices allowed to go up?

Mr. LONG. Those who are administering the act, who would like to go back and reward those who complied with voluntary controls, could have instituted compulsory controls at that time had they wanted to?

Mr. BENTON. Yes.

Mr. President, in the interest of fairness and completeness, I would like to discuss briefly what the President and the agencies administering the Defense Production Act have done in connection with price controls. There has been a good deal of criticism on this score, some of which, in my judgment, overlooks facts which I wish to point out.

The first point which I wish to take up is the oft-repeated charge that the President objected to price and wage controls in the summer of 1950, and resisted the efforts of the Congress to include titles IV and V in the act.

The President did not request these powers in his message to the Congress of July 19, 1950. This was not, however, as has been charged because "the inflationary dangers of tripled war orders in an uncontrolled economy were frighteningly apparent to everyone except the President and his administration." In his letters of August 1, 1950, to the chairmen of the Senate and House Banking and Currency Committees, the President set forth the reasons why he had not recommended these powers, and his recommendations to the Congress on the proposals to grant them to him.

After raising a number of points, which the President felt the Congress should consider in connection with those powers, including the immediate need for the priority, allocation, and credit-control powers. He concluded as follows:

If these reasonable conditions can be met, I should have no objection to the granting of authority beyond that requested in my message of July 19. But if, for any reason, these conditions cannot be met, I urge strongly that the Congress move at once to enact the defense-production bill without including these additional powers.

The junior Senator from Ohio, in a statement commenting on the conference report, also expressed disappointment at the action of the Congress. He stated:

Mr. President, I hope that the powers conferred by this bill do not come too late. Throughout the past 6 weeks I have urged that we give the President the economic controls he asked at once, and that action on price and wage controls be considered as separate legislation. A majority of the Senate Banking and Currency Committee did not agree. As a result, action on vital economic controls has been seriously delayed. In addition, the price- and wage-control sections of the bill show the result of hasty action without benefit of hearings on the subject.

Mr. President, the next point which I would like to discuss briefly is the charge we have heard so often that the President and the administration have been negligent because they did not immediately impose price controls on Sep-

tember 8 when the Defense Production Act became law.

Before discussing this point, I would like to state parenthetically that the administration proceeded very promptly with the exercise of many of the powers the President had requested. The Federal Reserve Board issued Regulation W, restricting consumer credit on September 18; it issued Regulation V, initiating the program of guaranteed V-loans under section 301 on September 27; and on October 12 it issued Regulation X, restricting residential real estate construction credit. The first NPA regulation, on inventory control, was issued on September 18. The construction of amusement, recreational, and entertainment buildings was prohibited by NPA on October 27. By January 1, 1951, some 14 materials were being allocated under specific orders; priorities assistance had been provided for the military and AEC programs and for such other important activities as the freight car program.

The stabilization program, under the Economic Stabilization Agency, the Office of Price Stabilization and the Wage Stabilization Board, created on September 9, did not proceed as rapidly. There were several reasons for this.

The allocation powers and credit controls were carried out through existing agencies, already staffed with many persons who had had experience with similar controls in World War II—the Departments of Commerce, Interior, and Agriculture, the Interstate Commerce Commission, and the Federal Reserve Board. The stabilization agencies had to start from scratch, with all the administrative difficulties of finding qualified personnel, and clearing them through the Civil Service and loyalty procedures.

More important, however, were the economic facts of the period just after the passage of the act.

One reason for what happened was that the very rapid rise in prices just after Korea slowed down greatly for the next 2 months; in fact in many cases prices dropped during September and October. Not until mid-November did prices start to rise sharply again, and even then the rate of increase was not so rapid in most cases as during July and August. These changes can be followed in the tables in the committee report.

The spot-market indexes for imported commodities rose at a rate of more than 2 8/10 points a week from June 23, 1950, to September 8; from then to November 17 they rose just over one point a week; from November 17 to January 26, 1951, they rose at the rate of 1 8/10 points a week.

The spot-market indexes for domestic commodities during the same three periods increased at rates of 1 8/10 points a week, 4/10 of a point a week, and 1 2/10 points a week.

The weekly wholesale price index showed the same general trends, from an increase of 1/2 a point a week between June 6 and September 5, it dropped 2/10 of a point a week during the period to November 21; it then increased between

November 21 and January 23 at a weekly rate of 9/10 of a point.

Mr. MOODY. Mr. President, will the Senator from Connecticut yield?

Mr. BENTON. May I finish? A part of the Senator from Michigan's 15 minutes went to the colloquy in explaining his amendment. May I ask how much time has been given to me, and whether I will have the 3 minutes or so needed to finish my statement?

The PRESIDING OFFICER. How much time does the Senator from South Carolina yield?

Mr. MAYBANK. I yield 5 minutes to the Senator from Indiana and I yield 1 minute to the Senator from Vermont. I will yield 3 minutes to the Senator from Connecticut.

Mr. BENTON. I am grateful to our distinguished chairman.

I should like to remind the Senate of the many actions taken by the Administrator when once the picture became clear in late December that these control programs were unhappily necessary and that the voluntary plan was a failure.

On December 26, ESA established ceiling prices for new passenger automobiles. On January 25, 1951, the ESA rolled the prices of hides back to November prices.

Then, on January 26, 1951, as it became clear these prices were going to continue to rise, the ESA issued its General Ceiling Price Regulation and its General Wage Stabilization Regulation No. 1, providing for general price and wage stabilization. The program was just getting under way at this point, after a long period of resistance to the whole idea of these compulsory controls.

Since that time OPS has issued about 40 individual ceiling price orders, but even now it has not had the time to make analyses or get the material or get the data from manufacturers in order to decide the ways in which roll-backs are most indicated, in order to eliminate the distortions that took place in the price structure in the first 7 or 8 months after the outbreak of the Korean War. And this is the essence of our question, I think, Mr. President. We should now give them more time to get this job done. We should not put title II into effect for 60 days.

We can all agree that it would have been a good thing if general price ceilings had been established last September. But our regret that this was not done should not lead us to overlook the economic and military factors which prevailed at that time.

It is not easy to put ourselves back into an earlier and different period, to remember the things which influenced us then, which passing time has caused us to forget, or to remember only imperfectly. We tend to forget the success which was reached in the campaign against the North Koreans before the Chinese intervention. We tend to forget, now that the shock of the establishment of general price controls is over, the hesitance and reluctance with which we faced this drastic measure. We tend to forget, now that the OPS has been established, how hard it was to build a large organization from scratch.

We should try to keep these things in mind when we discuss the administration of these powers. No one here likes price controls. No one is anxious to have them imposed except in a serious emergency, when there is danger of substantial inflation. No one wants to have them imposed if other measures will accomplish the result as effectively. I suggest, therefore, that we view with charity the effort to refrain from imposing these drastic controls over our economy until it becomes clear that no other measure would suffice.

If our administrative officers failed to act as early, as decisively, and as fully as now seems to have been justified, they were merely reflecting the widespread desire of our people and the Congress that these controls could be avoided or at least minimized. Like the rest of us, they do not claim to be prophets or geniuses.

The PRESIDING OFFICER. The time of the Senator from Connecticut has expired.

Mr. MAYBANK. Mr. President, I yield to the Senator from Vermont 1 minute, and to the Senator from Indiana [Mr. CAPEHART] 5 minutes.

Mr. AIKEN. Mr. President, this amendment, as I understand, would give the Office of Price Stabilization 60 days in which to roll prices back, away back, to the point where the farmers of the country could be forced to accept a subsidy from Government in order to keep in business. I do not think we should forget for a minute that that is one of the major objectives of this administration, and if they can get this amendment through it will give them a great advantage in forcing subsidies upon the farmers.

Mr. WHERRY. Mr. President, will the Senator from Vermont yield for a question, if he has any time in which to yield?

Mr. AIKEN. I yield.

Mr. WHERRY. The Senator is the ranking minority member of the Committee on Agriculture and Forestry. I should like to ask him if he does not feel that just what he said can be accomplished by clause (A), section 2, of the Senate bill.

Mr. AIKEN. I have not examined that language.

Mr. WHERRY. It is very necessary that the Senator examine it.

Mr. AIKEN. I will say to the Senator from Nebraska that the Senator from Vermont plans to offer an amendment which will eliminate some of that danger.

The PRESIDING OFFICER. The Chair recognizes the Senator from Indiana.

Mr. CAPEHART. Mr. President, my conscience hurts me a little bit for taking any time at all on this question, for the simple reason that I am sure no one is taking the amendment seriously, by reason of the 61 to 26 vote on another amendment just a few moments ago. As everyone knows, if there is delay in putting into effect the provision of the bill the committee reported to the Senate, it will simply mean giving the Administrator 60 days to roll prices back.

Mr. MOODY. Mr. President, will the Senator yield?

Mr. CAPEHART. The Administrator has 60 days' time in which he can roll prices all back and do anything he wants to do. Sixty-one Senators voted against such procedure just a few moments ago. They said they did not want him to do that. Now we have before us an amendment which would give the Administrator the right to roll back prices for 60 days. He does not need 60 days to do it. He can be given 6 days or 6 hours, just long enough to write an executive order, and he can roll all prices back to the pre-Korean level.

Mr. MOODY. Mr. President, will the Senator yield?

Mr. CAPEHART. Yes.

Mr. MOODY. Of course, he can now roll them back in 6 hours, and still have considerable time remaining within which he can take action. I think the Senator from Indiana has misinterpreted one phase of this matter. The distinguished chairman of the committee, and other Senators, in advocating the amendment which the majority of the committee finally reported, advanced as one of the chief points the continued uncertainty of renewing the law for a considerable period of time without having a termination date at a time when the roll-backs could no longer be put into effect.

I did not realize that the Senator from Indiana was disputing the fact, which I think is undoubted, that during the pre-Korean to January 25 period there were a number of dislocations which obviously ought to be corrected, and they have not yet been corrected, whether or not there has been time to correct them.

Mr. CAPEHART. Mr. President, I thought the Senator was going to ask me a question.

Mr. MOODY. I ask the Senator whether that is not so?

Mr. CAPEHART. I have very little time left; but go ahead. I will give all my time to the Senator from Michigan.

Mr. MOODY. I should like to ask the Senator whether he does not think the dislocations which took place between the beginning of the conflict in Korea and January 25 should be corrected?

Mr. CAPEHART. I think they should have been corrected during the past 5 months. The Administrator has had plenty of time to correct them, if he intended to correct them. In fact, the law should have been enforced last September, instead of delaying until January 25. The law was not put into effect until January 25.

Mr. DOUGLAS. Mr. President, will the Senator yield for a question?

Mr. CAPEHART. No, I think my time has expired, and that all time has expired.

The PRESIDING OFFICER. Yes, all time has expired. The question is on the amendment of the Senator from Michigan [Mr. MOODY].

Mr. MOODY and other Senators asked for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll and Mr. AIKEN voted "nay" when his name was called.

Mr. MAYBANK. I suggest the absence of a quorum.

Mr. AIKEN. Mr. President, I ask unanimous consent to withdraw my vote.

Mr. WHERRY. Mr. President, I think the Senator from South Carolina has made a very good suggestion. I believe there should be a quorum call by reason of the fact that many Senators are at supper.

Mr. HUMPHREY. Mr. President, before the roll is called, may I ask unanimous consent to submit a committee report? I have been waiting a considerable time to do so.

Mr. WHERRY. No, Mr. President, I cannot give consent if the report is the one I think it is, until a certain Senator is on the floor.

Mr. HUMPHREY. The question is all settled, I may say to the Senator.

Mr. WHERRY. I appreciate that. I submit that the Senator should make his request after the quorum call.

The PRESIDING OFFICER. The clerk will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Gillette	McMahon
Anderson	Green	Millikin
Bennett	Hendrickson	Monroney
Benton	Hennings	Moody
Brewster	Hickenlooper	Morse
Bricker	Hill	Mundt
Bridges	Hoey	Neely
Butler, Md.	Holland	Nixon
Butler, Nebr.	Humphrey	O'Connor
Cain	Ives	O'Mahoney
Capehart	Jenner	Pastore
Carlson	Johnson, Colo.	Robertson
Case	Johnson, Tex.	Saltonstall
Chavez	Kefauver	Schoeppel
Clements	Kem	Smith, Maine
Connally	Kerr	Smith, N. J.
Cordon	Kilgore	Smith, N. C.
Dirksen	Knowland	Sparkman
Douglas	Langer	Stennis
Duff	Lehman	Taft
Dworshak	Long	Thye
Eastland	Magnuson	Underwood
Ellender	Malone	Welker
Ferguson	Maybank	Wherry
Flanders	McCarran	Wiley
Frear	McCarthy	Williams
Fulbright	McClellan	Young
George	McFarland	

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. MOODY]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Arizona [Mr. HAYDEN], the Senator from Wyoming [Mr. HUNT], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

The Senator from South Carolina [Mr. JOHNSTON] is absent on official committee business.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on official business, having been appointed a representative of our Government to attend the International Labor Conference being held in Geneva, Switzerland.

The Senator from Florida [Mr. SMATHERS] is absent because of illness.

The Senator from Tennessee [Mr. McKELLAR], who is absent on official business, has a general pair on this vote with the Senator from Utah [Mr. WATKINS].

I announce further that if present and voting, the Senator from Georgia [Mr. RUSSELL] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Montana [Mr. ECTON], the Senator from Massachusetts [Mr. LODGE], and the Senator from New Hampshire [Mr. TOBEY] are absent on official business.

The Senator from Pennsylvania [Mr. MARTIN] is absent because of illness.

The Senator from Massachusetts [Mr. LODGE] is paired with the Senator from New Hampshire [Mr. TOBEY]. If present and voting, the Senator from Massachusetts would vote "nay" and the Senator from New Hampshire would vote "yea."

The Senator from Utah [Mr. WATKINS] is detained on official business and on this vote he has a general pair with the Senator from Tennessee [Mr. McKELLAR].

The result was announced—yeas 22, nays 61, as follows:

YEAS—22

Anderson	Humphrey	Morse
Benton	Ives	Neely
Chavez	Kefauver	O'Connor
Douglas	Kilgore	Pastore
Frear	Lehman	Smith, Maine
Green	Magnuson	Sparkman
Hennings	McMahon	
Hill	Moody	

NAYS—61

Aiken	Fulbright	Millikin
Bennett	George	Monroney
Brewster	Gillette	Mundt
Bricker	Hendrickson	Nixon
Bridges	Hickenlooper	O'Mahoney
Butler, Md.	Hoey	Robertson
Butler, Nebr.	Holland	Saltonstall
Cain	Jenner	Schoeppel
Capehart	Johnson, Colo.	Smith, N. J.
Carlson	Johnson, Tex.	Smith, N. C.
Case	Kem	Stennis
Clements	Kerr	Taft
Connally	Knowland	Thye
Cordon	Langer	Underwood
Dirksen	Long	Welker
Duff	Malone	Wherry
Dworshak	Maybank	Wiley
Eastland	McCarran	Williams
Ellender	McCarthy	Young
Ferguson	McClellan	
Flanders	McFarland	

NOT VOTING—13

Byrd	Lodge	Smathers
Ecton	Martin	Tobey
Hayden	McKellar	Watkins
Hunt	Murray	
Johnston, S. C.	Russell	

So Mr. MOODY's amendment was rejected.

Mr. O'MAHONEY. Mr. President, on behalf of myself, the Senator from Alabama [Mr. SPARKMAN], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from South Dakota [Mr. CASE] I call up the amendment which is included in the unanimous-consent agreement.

Mr. WHERRY. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. O'MAHONEY. Certainly.

Mr. WHERRY. Mr. President, as I understand this is the amendment for which 50 minutes of debate is provided in the unanimous-consent agreement.

Mr. O'MAHONEY. That is correct.

Mr. WHERRY. One-half of the time, or 25 minutes, to be controlled by the proponents, and 25 minutes to be controlled by the Senator from South Carolina [Mr. MAYBANK].

Mr. O'MAHONEY. That is correct.

Mr. MAYBANK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MAYBANK. I wish to have it distinctly understood that I am opposing the amendment.

Mr. O'MAHONEY. Mr. President, I should like to ask—

Mr. MAYBANK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. STENNIS in the chair). On this amendment, the Senator from Wyoming has one-half of 50 minutes, and the Senator from South Carolina [Mr. MAYBANK] has the other half.

The amendment submitted by the Senator from Wyoming, on behalf of himself and other Senators, will be stated.

The LEGISLATIVE CLERK. At the proper place in the bill, it is proposed to insert the following:

(e) Title III of the Defense Production Act of 1950 is amended by adding at the end thereof the following new section:

"Sec. 305. (a) No construction or expansion of plants, factories, or other facilities shall be (1) undertaken, or assisted by means of loans (including participations in, or guaranties of, loans), by the United States under this or any other act, or (2) certified under section 124A of the Internal Revenue Code (relating to amortization for tax purposes), and no equipment, facilities, or processes owned by the Government shall be installed under the authority of this or any other act in any plant, factory, or other industrial facility which is privately owned, unless the President shall have determined that the proposed location of such construction, expansion, or installation is consistent, insofar as practicable, with a sound policy of (1) utilizing fully the human and material resources of the Nation wherever located, (2) dispersing productive capacity for purposes of national security, and (3) minimizing the necessity for further concentrations of population in areas in which available housing and community facilities are presently overburdened.

"(b) In making the determination required by subsection (a), the President shall give consideration to location in counties, or comparable governmental subdivisions, which—

"(1) have natural resources embracing minerals, metals, materials, and other commodities valuable to the defense program;

"(2) are not fully utilizing their employed labor forces (as indicated by a relatively low rate of production per worker), or are not fully utilizing their natural resources;

"(3) are relatively underdeveloped industrially;

"(4) by reason of outward migration since 1930, have not retained their natural increase in population; and

"(5) are relatively less vulnerable to enemy attack by reason of geographic location, or the absence of heavy concentrations of population or vital defense industry.

"(c) The President shall make quarterly reports to the Congress on the administration of this section. Such reports shall reveal the extent to which the policy objectives of this section have been attained, the cases in which they have been found impracticable of attainment, and the criteria used in such cases. Such reports may include such recommendations as the President may deem appropriate."

Mr. O'MAHONEY. Mr. President, it may be that the votes which already have been cast indicate a general ten-

gency on the part of Members of the Senate to reject amendments to the bill as reported by the committee. Be that as it may, this amendment is one of such great importance, as I see it, that I desire very briefly to explain it to the Senate.

Word which has come to me from some of my distinguished colleagues, particularly from those from New England, leads me to believe that they imagine that the amendment is hostile to the development of New England. However, there is no basis whatever for that thought, and I venture to say to the Senators from the New England States, and particularly to those who in the past have resisted some of the economic concentration in the steel industry, that they will find that their interest is upon the side of this amendment, rather than against it.

Applications for amortization certificates amounting to approximately \$18,000,000,000 have been made to date. Approximately 1,600 such applications have been approved, covering approximately one-half, or a little less, of the total amount for which applications were made; and those grants have been made primarily to the big industrial enterprises which have resisted the development of small business throughout the country.

Mr. President, if this were a matter of only a short preparedness program or a short war, perhaps the amendment would not be worth while. However, we are dealing with a situation which may require years of effort.

All of us are aware that the Congress has been called upon to provide large appropriations for civil defense.

Members of the Joint Committee on Atomic Energy have urged upon the Senate and the House that there should be a dispersal of Government offices in order to reduce the risk of hostile bombing upon the political functions of the Government. Mr. President, I say it is equally important that there be a dispersal of the future expansion of our defense industry, in order to avoid the building up of a concentrated target upon which the atom bombs of a hostile force might be dropped.

I and the Senators associated with me in sponsoring the amendment, offer it, therefore, primarily in the interest of the national security, so that the defense plants will not be concentrated, as they are now, in a small area.

I also offer the amendment in the interest of the better utilization of the economic resources and the human resources of the country, particularly the natural resources. There are in the United States many natural resources which we are seeking to develop. Steps are being taken to bring about exactly the attainment of that objective. However, unless we undertake to provide, in the grants and aids which the Government provides, that full consideration shall be given to these objectives, we shall continue to have this tremendous concentration.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. AIKEN. I have noted the Senator's reference to the concentration of industry in New England.

Mr. O'MAHONEY. Mr. President, the Senator from Vermont is mistaken; I made no such statement.

Mr. AIKEN. Then let me state that I noted the Senator's particular reference to New England.

Mr. O'MAHONEY. Yes; I was advising the Senators from New England that this amendment will be in the interest of New England, not to the disadvantage of New England, because I know that New England has suffered from the concentration of industry elsewhere.

Mr. AIKEN. Does not the Senator know that the shortage of power and the high cost of power in the northeastern area of the United States will effectively prevent the development of very much more industry in that region? Industry has gone where it can obtain the power with which to operate; and New England utility and financial interests are themselves largely to blame for that condition, through their success in blocking the development of the St. Lawrence and other power projects.

So I am simply pointing out that if the Northeast is one of the highly centralized industrial areas, the Senator's fears that more industry probably will be concentrated there are groundless.

Mr. O'MAHONEY. Mr. President, I have not expressed any such fears. I have pointed out that the very interests which have blocked the development of electric power and other power in New England are the ones that are saying that this amendment is hostile to New England. They are the sources of hostility to New England.

Mr. AIKEN. I wish to point out that it is not simply a certificate of necessity that New England needs in order to have more industry. New England needs the power with which to operate more industry.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield to the Senator from Arkansas.

Mr. McCLELLAN. As I interpret this amendment, I am in thorough accord with its objectives. I commend the Senator from Wyoming and the other Senators who have joined with him in proposing the amendment. The real criterion should be, What is in the best interests of our national security, and the progressive development of America?

Mr. O'MAHONEY. Precisely.

Mr. McCLELLAN. If the spirit and intent of this amendment were observed, it would serve a high purpose, both in national security and in the further development of our great country. But I ask the Senator from Wyoming, suppose we wrote this amendment into the law, and it were not observed in its spirit and intent; would there be any recourse? We may have the President make a report after it is all over, assigning his reasons, but there is actually no mandate. It is simply an expression of the will and sentiment of the Congress of the United States. That is exactly what it amounts to.

Mr. O'MAHONEY. Yes; it is not mandatory. I expressly refrain from making it mandatory.

Mr. McCLELLAN. I again want to commend the Senator and those associated with him for presenting the amendment. In spirit and in intent, it is for the best interests of the country, both from the standpoint of national security and from the standpoint of the proper development of America, with all her natural resources and wealth.

Mr. O'MAHONEY. I am very grateful to the Senator from Arkansas for that statement. He has correctly appraised the purpose of the sponsors, and the intent of the language which is offered.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield to the Senator from Kansas.

Mr. CARLSON. I think that probably the Senator from Wyoming has already answered my question, by stating that the amendment would merely be a declaration of intent on the part of the Congress, would not be mandatory upon the officials who are issuing certificates of necessity for tax-amortization purposes. But I should like to make the record clear that there are instances of installations and locations which are very important to the national defense effort, when it comes to the manufacture of airplanes.

Under the provisions of this particular amendment, I think the city of Wichita, Kans., might be excluded, but that is a very important point in the manufacture of aircraft for defense purposes. I happen to know that at the present time one of the factories in that city is endeavoring to obtain a certificate of necessity for tax amortization purposes, in order to expand its facilities, and in order to take care of additional markets. It is in part connected with the development and production of the new B-47.

I would not want the amendment to be interpreted to mean that our great city and the company referred to could not receive the benefits of amortization for tax purposes.

Mr. O'MAHONEY. There is nothing in the amendment which would have any such effect. Let us read the provision on page 2, line 12, which specifically says:

(b) In making the determination required by subsection (a), the President shall give consideration to location in counties, or comparable governmental subdivisions, which—

(1) have natural resources embracing minerals, metals, materials, and other commodities valuable to the defense program;

(2) are not fully utilizing their employed labor forces (as indicated by a relatively low rate of production per worker), or are not fully utilizing their natural resources;

(3) are relatively underdeveloped industrially;

(4) by reason of outward migration since 1930, have not retained their natural increase in population; and

(5) are relatively less vulnerable to enemy attack by reason of geographic location, or the absence of heavy concentrations of population or vital defense industry.

It will be observed that that is merely a direction that the President shall give

consideration to these matters. Of course, there was no intent to control the discretion of the President in determining that the proposed location of such construction, expansion, or installation is consistent, insofar as practicable, with a sound policy of utilizing fully the human and material resources of the Nation wherever located.

From page 2, beginning in line 5, I read:

Insofar as practicable, with a sound policy of (1) utilizing fully the human and material resources of the Nation wherever located, (2) dispersing productive capacity for purposes of national security, and (3) minimizing the necessity for further concentrations of population in areas in which available housing and community facilities are presently overburdened.

Mr. CARLSON. I very much appreciate the Senator's comment.

Mr. O'MAHONEY. This is, as I say, the declaration of a perfectly obvious national need, that we should not permit geographical concentration, and that at the same time we should make every possible effort to expand and improve the national economy.

I should merely like to add that the Government helps to expand the national defense installations in three ways, perhaps in four: First, military expenditures to expand plants. Such military expenditures are made through appropriations raised by taxation upon all the people of the United States. Second, military expenditures for the construction of Government plants. Again, the people, and all the people of the United States, pay. Third, the tax amortization certificates, which to date have been granted primarily to the largest of the big industries, to the largest of the big companies in the United States. And, finally, loans, both direct and guaranteed. Five hundred and sixty-three million dollars has been advanced to date, or up to May of this year, in the form of direct loans, and approximately \$422,000,000 additional in guaranteed loans.

So I say the amendment is merely an exhortation to the President and to the defense authorities to make certain that we do not have too great a concentration of defense plants, which could easily become the target of hostile action in a war, and that we shall also undertake to utilize all the natural resources of the country.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I shall be very happy to yield to the Senator. I have agreed to yield some time to the Senator from Missouri. How much time does the Senator from Missouri want?

Mr. HENNINGS. I will need only about 5 minutes.

Mr. FULBRIGHT. Five minutes would be sufficient for me.

Mr. O'MAHONEY. I yield 5 minutes to each of the Senators; and, first, to the Senator from Arkansas.

The PRESIDING OFFICER. The Senator from Arkansas is recognized for 5 minutes.

Mr. FULBRIGHT. Mr. President, I believe I was a cosponsor of the pending amendment, or I intended to be. I have been extremely interested in it,

and I desire only to mention a few aspects which I think are pertinent.

First, I call attention to the National Security Act of 1947, in which the Congress itself set forth the positive policy calling for the strategic relocation of industries. How much more sensible it is, rather than by the relocation of existing industries, that in the building of additional ones, which we must do, we build them in the first instance in strategic areas. It seems to me that is only common sense, and this amendment is thoroughly in accord with the expressed policy of the National Security Act passed in 1947.

I do not wish to reiterate exactly the same points made by the Senator from Wyoming, but I desire to call attention to certain aspects of the problem. The private industries seeking tax amortization certificates have no reason to be interested in such matters as the social consequences which arise from continual overbuilding in certain highly congested areas. The fact of the matter is that, about 2 months ago, I saw an account in the press of approximately 80 defense plants which were then applying for tax amortization, and practically all of them were in such cities as Detroit, Birmingham, Chicago, Los Angeles, and so on. They were following the existing pattern. There were no instances in which they had gone into new territories.

See what happens so far as congestion of schools is concerned. That is one of the reasons why applications are made for Lanham Act funds. Problems are created in connection with schools, public utilities, and housing. So there is a call for additional funds to build housing to take care of overcrowded conditions.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. SALTONSTALL. Has the Senator seen the report on military procurement and the report on participation of small business? I have not checked them as to every State, but in several of the States the number of new contracts is just about in proportion to the population of the State on a percentage basis of the State to the whole United States of America.

Mr. FULBRIGHT. I have not seen the report, but I thoroughly disagree with the implication that there is a widespread distribution of defense factories, that is, factories being built as a result of amortization certificates. I do not believe that. I am not sure that that is what the Senator meant to imply.

Mr. SALTONSTALL. I gave the fact from the report.

Mr. FULBRIGHT. I do not doubt that. I do not doubt that many persons who want to cultivate favor with the Congress tell us they have done wonderful things for small business, but, in my opinion, it amounts to practically nothing. During the last war small business was very definitely at a disadvantage, and many businesses folded up.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. DWORSHAK. I do not think the amendment would greatly change the

industrial pattern in our country. I should like to invite the attention of the author of the amendment and the Senator from Arkansas to a table or graph which appeared in the Washington Star last Sunday, showing the distribution of contracts placed by the Government within recent months, indicating that six States, including California, Michigan, and Indiana, received a total of 61 percent of the total number of contracts awarded by the Government. Maybe that is not a significant fact, but one cannot distribute such contracts equitably over the 48 States.

The PRESIDING OFFICER. The time of the Senator from Arkansas has expired.

Mr. O'MAHONEY. I yield two more minutes to the Senator from Arkansas.

Mr. FULBRIGHT. I thank the Senator. I should like to comment on what the Senator from Idaho has said. It is in accord with my understanding of the facts. The actual building of plants under the amortization program is even more highly complicated than the contracts.

In the last war, under the Defense Plants Corporation, the Government had much more control, and did take into consideration the problems of distribution to a much greater extent than is resulting from the program of tax amortization. For that reason I, for one, shall be in favor of a revival of a Defense Plants Corporation so that there can be some alternative to the building up and concentrating of defense plants in the most vulnerable areas in the country.

The Senator from Connecticut [Mr. McMAHON] has had much to say about the danger of atomic attack, with which I agree. I only desire to emphasize that if we continue to erect defense plants in the same great cities, such as Pittsburgh, Detroit, and so forth, we are simply making the task of the Russians or any other enemy much easier, and are inviting such attacks, as a matter of fact.

Mr. HENNINGS. Mr. President, I desire to commend the farsightedness of the distinguished Senator from Wyoming and the distinguished Senator from Arkansas with reference to the great peril confronting American industries under circumstances which we have known to exist for so long in the highly concentrated defense areas.

I feel that the urgency of our present economic situation is so great that I am compelled to state very briefly a few of my own thoughts on the measure now before us.

Nothing would give Communist imperialism greater satisfaction than the spectre of our American economy manacled and impotent under an inflationary Colossus. We must not be lured into a false sense of complacency by any hopes of an early end of the conflict in Korea. Totalitarian aggression does not stop at the 38th parallel, but threatens the entire world. Of course we would welcome a peaceful settlement in Korea on the proper terms, but our greatest hope for peace and a free world lies in a strong United Nations and a strong United States, and there must be no let-down in our mobilization program

until we have achieved our fullest potential. American industrial and military might offers the most positive deterrent to Soviet aggression, and spiraling inflation can frustrate and destroy our efforts and incapacitate our production machinery.

I have studied with care General Marshall's testimony before the Senate Banking and Currency Committee, and particularly his statement that approximately \$7,000,000,000 out of the \$35,000,000,000 authorized for procurement of hard and soft goods and military construction for the Department of Defense during fiscal year 1951, can be regarded as increased cost caused by inflation. This means an increase of 20 percent over what it should have cost us for defense this year, and the cost will be monumentally greater if we fail to adopt strong anti-inflation measures. This money does not just flow from the United States Treasury. It is the hard-earned money coming from the pockets of every taxpayer—of consumers who themselves are paying \$20,000,000,000 more for the goods and services they must buy. We simply cannot afford to let this epidemic of inflation continue to debilitate the American economy. We cannot afford further wasteful delay in adopting an effective program for controlling it, including tax increases, expenditure cuts, and credit restrictions. But these indirect controls cannot do the job unless they are reinforced with direct and decisive controls on prices and wages.

The Congress showed great foresight and wisdom, Mr. President, in the Defense Production Act of 1950, in providing the authority for controls which have succeeded in halting the inflation which followed the outbreak of war in Korea. Direct controls are painful, distasteful, and antagonistic to our entire concept of free enterprise, but I am convinced that they provide the only sound and workable means of meeting our problem.

Let us not delude ourselves into thinking that our defense production can be achieved without sacrifices. We must decide right now whether the sacrifices our men are making in fighting and dying in Korea are to be meaningless, or whether we as Americans are willing to back them up by cheerfully making the relatively small and temporary sacrifices that are asked of us to keep our security and our freedom.

We cannot with any degree of fairness exempt any segment of our productive economy while controlling the rest, for we must continually bear in mind the interdependence of all segments. Every producer ultimately is a consumer, not only in terms of the finished products he must buy for his own use, but also in terms of the raw materials required for his production. The price distortions which have grown up during this period of rapid expansion must be adjusted if production is to continue. I believe that the so-called anti-roll-back amendment is ill-conceived and ill-advised. It is little understood and is fraught with potential danger to the farmer, to labor, to industry, to every

consumer, and to our entire defense effort.

Mr. President, as the amendment stands, it would not necessarily prohibit, but might even authorize severe roll-backs in farm commodities while at the same time prohibiting the needed adjustments on manufacturers' prices in many industries, at a cost to the public of many billions of dollars. This amendment can only serve to seduce American business into a fool's paradise which would collapse under the impact of further inflation, destroying the solvency of business and industry, farmer and consumer alike.

I do not think we can stress too often or too strongly the disastrous effect of passing a Defense Production Act so riddled with holes and omissions that it safeguards neither defense nor production. The bill now before the Senate is, perhaps, better than no bill at all, but it actually is such a crippled and watered-down version of the present law that it offers merely the shadow of inflation control without the substance.

I have read thousands of letters that have come into my office on the whole question of stabilization. Many of these letters reflect apprehension over control of particular business or industry or wages because the writers are fearful that controls will hurt them while the prices which they are forced to pay will go ever higher.

They will certainly have every justification for this feeling if the anti-roll-back amendment shall prevail. These letters are written from the heart, and I am convinced from them that the American people are genuinely prepared to accept with good grace whatever sacrifices are asked of them if they can believe that we are sincerely striving to insure equality of sacrifice.

But the overwhelming majority of the letters are from consumers—from the average man, the housewife, the white-collar worker, the teacher, the elderly person living on a small fixed pension—who are caught in the squeeze and must have decent protection against runaway inflation if they are to secure the bare necessities of life.

Men of the caliber of Charles E. Wilson and Eric Johnston, whose belief in our free-enterprise system is beyond any doubt or question, have given the best that is in them, against enormous pressure, to set up as sound and workable a program of controls as can be devised.

The architects of this program are leaders in the business and professional life of our Nation who have been drafted—at great personal and financial sacrifice—and who have applied themselves with diligence and sincerity to this problem. Their blueprint for economic survival is the collective judgment of the best minds available. They say this is necessary. And I for one, Mr. President, intend to stand with them and to work for every strengthening amendment in an effort to stave off economic chaos and to promote the security of the free world.

I refuse to believe that there are in our economic order any deliberately or con-

sciously unpatriotic groups or interests who would knowingly wreck a program which our national administration and broad-gaged men of selfless patriotism are advocating. I refuse to believe that the recorded history of this time will portray us as a people so lacking in courage, idealism, and vision, that, in utter disregard of the common good, we yielded to the appeal of temporary and short-lived profits which will inevitably result in economic anarchy.

On the contrary, I have an unshakable faith in the essential common sense and sound judgment of all our citizens. In these days of decision which transcend in importance any threat which this Republic has been called upon to meet, I refuse to believe that the American people will not rise to the challenge.

Mr. President, from among the thousands of letters I have received on this subject, I have selected a few which are typical of the earnest support of the people of my State for a decent Defense Production Act. I ask unanimous consent that these letters be printed in the RECORD, together with several editorials on the same subject.

There being no objection, the matters referred to were ordered to be printed in the RECORD, as follows:

COLUMBIA, MO., June 19, 1951.

Senator THOMAS HENNING, S.
Senate Office Building,
Washington, D. C.

DEAR SENATOR HENNING: Last week my husband and I, who are members of the Farm Bureau, received from that organization a letter suggesting that we write you to help defeat price controls. Though we live on a farm and raise beef cattle, it happens that we are in favor of the beef roll-back and are against the stand of the Farm Bureau on the matter of price control.

We feel that 150 percent of parity is a selfish amount for cattle growers to demand. We feel also that while farmers should fight for parity and their fair share of profits, they should work with the leaders of labor and of capital, and the three should honestly try to fit their several programs into an over-all pattern for the economic good of the Nation.

Furthermore, the argument that price controls are inconsistent with the American way sounds rather hollow to me. That same American way permitted the Government to take our two boys in 1941—one of them contributed 3 years of training and combat and the other contributed his life. I did not hear business protesting then against the curtailment of their individual freedom. Why should business now protest over the curtailment of its freedom to make as much profit as the law allows? Especially as everyone knows that inflation is as much a threat to our country today as Hitler was in 1941?

I am not resenting the fact that our boys sacrificed for the preservation of our freedom. But I can't help resenting the attitude of some groups that freedom to make excessive profits is more sacred than freedom to live a normal life or to live. Why is it more un-American to take profits than to take lives?

We farmers who favor price controls are not organized like those who are writing you this week in response to the Farm Bureau's well-organized drive. But we do vote. We are watching Washington with the hope that the Senate will reverse the committee action today against the next two beef roll-backs, and that it will strengthen price controls all along the line. We just want you to know that some farmers at least support those of

you who are supporting the good of the majority.

Very truly yours,

Mrs. W. I. McHARG.

WASHINGTON, D. C., June 22, 1951.

HON. THOMAS HENNINGS,

Senate Office Building,

Washington, D. C.

DEAR SENATOR HENNINGS: I am a displaced Missourian with a frantic urge to tell somebody on the Hill how important it seems to me it is that the administration's price control and roll-back program be enacted. This family is rapidly being priced right out of the food market. We dropped out of the competition for beef some time ago. However, we still eat, and beans are not our favorite selection.

I see by the morning paper that the roll-back proposals, or a watered-down version of the present controls law, will reach the Senate next week. Please do something to keep your constituents eating regularly. I have not forgotten what happened to prices after the war when controls were lifted. How could I, with an 18-year-old refrigerator chumping away in the kitchen, a refrigerator we had hoped to replace, until inflation snatched that item out of the budget?

Most respectfully,

EETTY J. DOUGLAS.

THE RESEARCH INSTITUTE

OF AMERICA, INC.,

New York, N. Y., June 17, 1951.

Senator THOMAS C. HENNINGS, Jr.,

Senate Office Building,

Washington, D. C.

MY DEAR SENATOR: This is to emphatically urge you to support the renewal of price and wage controls, and if it is at all possible, to get the administration program, or as much of it as possible, through Congress to strengthen these weapons against inflation, our greatest enemy.

We want you to know that we, among your many constituents, feel extremely strongly the exceptional importance of these being continued in full force and, as we say above, if possible, they should be augmented. This is absolutely necessary to insure the stability of the American dollar and to continue the soundness of our economy.

While we fully recognize the inconvenience of controls, and from my business letterhead you may understand that I definitely understand the many difficulties of administering and enforcing them, and while we realize that no such pattern will help or even please everyone, it is our firm belief that the presently existing controls have, to a great extent, been successful in preventing a run-away inflation and a further increase in the cost of our arms program.

Believe us to be

Ever so sincerely yours,

Mr. and Mrs. F. BACH.

CLAYTON, Mo.

THE EPISCOPAL CHURCH OF THE

HOLY COMMUNION,

St. Louis, Mo., June 16, 1951.

MY DEAR SENATOR HENNINGS: It is essential for every man in the Senate and Congress to realize that it is important for us to preserve our American way of life. Those of us who are in contact with the general public hear on all sides how the dollar is rapidly decreasing in its purchasing power.

I am writing you this letter asking your assistance to help the Nation at large in this tremendous crisis, to sustain price control as a most urgent necessity for daily living. I minister to a great group of people in the white collar class. If rents are increased, if the prices of beef are not rolled back, if we do not get the help from Congress that is needed, there is a grave possibility that we will not be able to preserve the American way.

Communism breeds through misery. You have an opportunity to help sustain the American family by maintaining price control. I do not believe this is a party issue, this is a human necessity, and we must look to our men in the Senate and Congress to rise above party lines and help preserve our American way of life by defeating inflation.

I hope that, before you vote, you will bear in mind the great mass of your constituency who really are battling to maintain their families in a dignified and honorable manner.

With all good wishes, I am

Cordially yours,

W. W. S. HOHENSCHILD, Rector.

LEAGUE OF WOMEN VOTERS OF MISSOURI,

St. Louis, Mo., June 5, 1951.

HON. THOMAS C. HENNINGS, Jr.,

Senate Office Building,

Washington, D. C.

DEAR SENATOR HENNINGS: The League of Women Voters of Missouri strongly urges that you use your influence in securing the extension for 2 years of the Defense Production Act. We represent no special-interest groups unless the desire for such economic measures as insure our continuing strength at home and abroad could be called a special interest. Inflation is a definite threat to our whole economy and national morale. Such measures as have been adopted to stem the flood should be continued and made stronger.

We believe that it is unlikely that the average citizen will be willing to make such sacrifices as he is being asked to make, if certain powerful groups stand to gain while he tightens his belt and reduces his standard of living. Equality of sacrifice cannot be attained without firm economic controls for the duration of the defense emergency. We also believe that these controls must be fully effective if such deflationary measures as private savings and investment in Government bonds are to operate successfully.

A failure to extend the Defense Production Act would convince the people that the national emergency that demands so much of them is, in fact, no emergency at all. We hope that you will vote for the extension of the act.

Sincerely,

Mrs. LESLIE PRICHARD, President.

ST. LOUIS, Mo., June 8, 1951.

HON. THOMAS C. HENNINGS,

United States Congress,

Washington, D. C.

DEAR SIR: Most of the citizens of our country are in the categories of small- or middle-income groups whose welfare will be greatly undermined if price controls are allowed to expire at such a crucial time. Still another group that will suffer belongs in the categories of the aged, the disabled, the pensioned, et cetera, not to mention the hundreds of thousands of servicemen's families who are already sharing an unequal burden of the sacrifices needed for the defense of our country.

My husband is a combat veteran of World War II who was called back to active duty with the United States Marines. In his absence it is necessary that I be employed as a white-collar worker on a frozen salary in an attempt to supplement the small allotment which I receive; it is next to impossible for me to make ends meet now while maintaining our home and raising my child; whatever in the world would families like us do if price controls are scuttled? Certainly Congress would not feel called upon to increase our allotments or our men's service pay to compensate for the rise in the cost of living.

Recently I have read accounts of the consternation felt because of the low morale of our fighting men. The answer is simple; most of them fought one war and feel it unfair to be called upon to fight another.

Like all other normal husbands and fathers they worry over the welfare of their families knowing full well the struggle they are having in their absence trying to tread the financial waters; all this on top of the hearbreak of unnatural separation and worry. Not one of them would complain, nor would their families if the burden of this country's problems were shared more equally and by all with no exceptions. But it is a mighty bitter potion to swallow to hear the unethical practices of our men in Government, to see millionaires made from the blood and sacrifice of a few. Men in Korea are fighting for their lives while our cattlemen fight over the price of beef. Senate investigating committees wrangle with the State Department, the Joint Chiefs of Staff, not out of altruism, but to take advantage of free campaign publicity.

Another aspect to be considered in favor of controlling prices is the increased cost to the taxpayers of generations to come if the financial burden of our mobilization program doubles its size, because of the selfish interests of unscrupulous businessmen who would raise their prices to the Government of vital materials. The appropriations which now stand would cover only a portion of what they would cover if controls are maintained. This most certainly would be the outcome without price controls; proof of this is rampant in view of the lobbyists and pressure groups who are doing their utmost to influence legislators to scuttle what controls we have. Why? Money. Their main concern is not the welfare of the country in spite of all the clever propaganda they spout.

Please do all that is humanly possible to protect us from further inflation, and accompanying financial hardship, by voting to keep controls.

Yours most respectfully,

Mrs. CLIFTON W. JARNAGIN.

ST. LOUIS, Mo., June 15, 1951.

HON. THOMAS C. HENNINGS,

Senator from Missouri,

Washington, D. C.

DEAR SENATOR: We heard the President's speech last night and are amazed that congressional inaction should make such a speech necessary. Surely you and all Senators and Representatives are fully aware that fair and just control laws are necessary during this crisis. Who is naive enough to expect anybody, from farmers to United States Steel, to forego great profits when thrown in their laps?

We are an elderly couple and recently celebrated our anniversary by having dinner at a cafeteria. One had a very thin slice of roast beef, one, beef goulash. Each had soup, one vegetable, pie, coffee, bread and butter. Cost: \$3.26. Had we taken chicken, it would have been \$4.50 or more. How can the average white-collar man with a family possibly make both ends meet with such prices prevailing?

We hope you can see your way clear to help prepare and vote for a fair control on all cost-of-living items, as well as getting it passed before June 30.

We thank you for your consideration.

Sincerely,

Mr. and Mrs. J. U. MENTEER.

ST. LOUIS, Mo., June 16, 1951.

HON. THOMAS C. HENNINGS, Jr.,

Senate Office Building,

Washington, D. C.

DEAR SENATOR HENNINGS: The rise in the cost of living has been liquidating a considerable section of the population whose income consists of salaries which have not kept pace with the rising cost of living. Do Members of Congress regard the plight of such people as a casualty of the times about which they can do little except offer sympathy? By and large these fixed-salary people

have contributed substantially to the well-being of the people of the Nation. It is not that we lack lessons from other countries of the evils of inflation.

To protect the public interest, the public has to rely largely on Members of Congress who have opportunity to be better informed than most people and whose opportunity and duty it is to protect the public interest. In my judgment a strong price-control system and measures to produce increased quantities of needed goods and services, both for defense purposes and for ordinary living, are essential at this time.

Sincerely yours,

WILLIAM W. BURKE.

P. S.—I happen to be a university teacher, an occupational group many of whose members are placed in a vulnerable position by inflationary developments.

WEBSTER GROVES, Mo., June 18, 1951.

Senator THOMAS C. HENNINGS,
Senate Office Building,
Washington, D. C.

DEAR SENATOR HENNINGS: I listened last Thursday evening to the President's anti-inflation radio address, and find myself in almost complete agreement with him that the Nation will need continued controls over inflation if we are to keep our economic house in order in the months to come.

Mr. Booth and I represent the salaried group whose monetary income has not changed and whose real income has progressively declined with rising prices. We heartily agree with Mr. Baruch's recommendation—about a year ago, I believe—for "hold-the-line" controls, and we believe now that the interest of the Nation as a whole, as well as the interest of the individual taxpayer and consumer, requires the renewal of the Defense Production Act.

The League of Women Voters, of which I am a local president, takes its position in support of the indirect controls on consumer and real-estate credit as embodied in regulations W and X of the present act. I support these controls, but as an individual citizen I also support price and wage controls to check price increases and consumer demand, and feel that authority to continue these direct controls should be renewed. I should like to remark here, too, that in spite of the difficulties these days of personal budget-balancing, I think the tax increase on personal incomes is a good thing, to necessitate as little deficit financing as possible, to reduce funds available for civilian goods purchases, and to minimize credit expansion incident to increases in the public debt.

Sincerely yours,

Mrs. LOUIS F. BOOTH.

ST. LOUIS, Mo., June 19, 1951.

MY DEAR SENATOR: Please do not drop any of the controls about to expire. If anything, make them more drastic.

We, my husband and I, are of the little people of our glorious Nation. There are many of us. Much is made of high wages being paid. Nothing is said of the small wages paid the office worker, the clerk in the store, the shoe worker, the seasonal worker, the salesman, and many others. Please think of us when considering controls.

We don't want to be on charity in a few years but as living expenses soar, we are barely able to live on our salary and if we should have sickness or a death in the family, what we have saved would be gone. We are not able to accumulate savings for an emergency.

Please be understanding of the problems of us, the little people. Give us the controls we need so much.

Very truly yours,

Mrs. J. F. DAWSON.

ASSOCIATED FUND, INC.,
St. Louis, Mo.

Hon. THOMAS HENNINGS,
Senator from Missouri,
Senate Office Building,
Washington, D. C.

DEAR SENATOR HENNINGS: This is to urge you very strongly to lend your support and your vote to the passage of an effective anti-inflation bill. Although it is true that President Truman's speech last evening is the immediate cause for this letter, it is equally true that my husband and I have been all along in favor of tighter, more effective controls than those now in force.

We have become genuinely alarmed as the deadline approaches to see many Congressmen only concerned with their own petty politics and seemingly utterly oblivious to the great danger of inflation which has even now made altogether too much headway.

Once again we urge you to do everything in your power to put through the Congress a strong anti-inflation program which will include price controls, wage controls, rent controls, and credit controls.

Yours very truly,

MABEL M. O'NEILL,
HARRY J. O'NEILL,
President.

JEFFERSON CITY, Mo.,
June 6, 1951.

Senator THOMAS HENNINGS, Jr.,
Senate Office Building,
Washington, D. C.

DEAR SENATOR HENNINGS: It is my earnest belief that price controls and rent controls are an absolute necessity to uphold the economy of our country. I feel, therefore, my duty to urgently request that you, as the Senator of our great State of Missouri, support with the best of your ability these controls.

I realize that there are many interests of big business and capital opposing such controls and that many strong measures are being used to try to defeat any passage of them. These are a few of the many reasons why I strongly urge you to support pending legislation to control these essentials.

It is the fate of the common man, the wage earner, and the people of moderate means that the Congress is deciding. Let not the blood of the populace of this great country of ours rest on your conscience.

I will be very pleased to note in coming ballots on these issues that you have upheld the integrity of your constituents.

Very truly yours,

Mrs. FRANK FARRAH.

[From the St. Louis Post-Dispatch of June 23, 1951]

SOFTENING CONTROLS

(The hardest part of the job still lies ahead. Nothing could be more foolhardy than to slacken the intensity of our defense mobilization effort just because we have gotten off to a good start.—President Truman to Congress, April 27.)

In the face of this warning by the President, committees of both House and Senate have proposed a watered-down extension of the Defense Production Act which will invite a slackening of effort by everybody.

Nothing is more important to a united national effort than a sense of community enterprise—the consciousness that everybody is doing his part, that the sacrifices are equally shared. The Senate committee struck a blow at this intangible asset of mobilization when it voted to prohibit future price roll-backs not only in beef, but in machinery, cotton textiles, and clothing.

The effects of that decision, if confirmed by the Senate, will be felt far beyond the fields immediately concerned. It will be taken as a symbol that price control is to be soft rather than tough—as confirmation

of the already widely held suspicion that certain favored interests are not pulling their weight in the boat. What could be more natural then, that other interests should refuse to pull theirs?

Specifically, Senator SPARKMAN put his finger on the danger when he pointed out that wage stabilization efforts are pegged directly to cost-of-living stabilization. Weaken the latter, and how much chance will there be of holding the former?

In other ways, too, the Senate committee weakened the act instead of strengthening it, as the President had asked. Facing the prospect of fewer automobiles to buy, it relaxed credit restrictions so that more buyers can get into the market—a sure way to build up inflationary pressure. Confronted with a defense program that will last at least 2 years, the committee voted to extend the act only 8 months, which is like buying a ticket to Chicago when you have to get to New York.

The House committee's version of the bill is somewhat better than the Senate's, but still falls far short of the strengthened law which Mr. Truman asked and which the situation demands. It is clear that both committees approached their work with the idea of adopting only such controls as seemed unavoidable—not such controls as would best contribute to an intense productive effort.

Is this to be the last word? Some Senators promise a floor fight for a stronger law and President Truman is expected to renew his appeal for one.

The President said on April 27:

"We must demonstrate to the whole world that the founding fathers were wise in their faith that our Government of divided powers would never suffer disunity or frustrate necessary action in times of peril."

If the founding fathers could see Congress now, their faith might be strained a little.

[From the St. Louis Post-Dispatch of June 20, 1951]

NO FAVOR TO HOUSEWIVES

Both Senate and House Banking Committees have voted—and by just 1 vote—to block further beef price roll-backs. This is a gratuitous favor for both producers and processors and no favor at all for consumers.

The committee's action would mean that housewives would see little or no reduction in beef prices at the meat counter. The price roll-back of a few weeks ago affected only live cattle prices. Retail price cuts were postponed because live prices were squeezing wholesalers and retailers.

Once live cattle costs were reduced OPS thought, it would be possible to roll back retail prices 4 or 5 cents a pound on August 1 and again on October 1. Then the housewives would see some results. But the committees would eliminate these over-the-counter price cuts.

Hence retail beef prices would remain at inflated levels, though the Government tried to slice the top off inflated prices of some other goods. And beef prices were already at near-record levels when the Korean war began. Since then they have jumped right out of many consumers' pocketbooks.

Chairman MAYBANK of the Senate committee predicts that the weakened price control extension bill will mean a "real freeze." That is most doubtful. But beef would be frozen off many dinner tables. Do the two committees want to accept responsibility for that?

[From the St. Louis Post-Dispatch of June 15, 1951]

MR. TRUMAN'S APPEAL

When representatives of cattle interests went to see President Truman, many people assumed that the pressure against the beef price roll-back would succeed. So far, it has not.

When auto dealers and other business interests complained against credit restrictions, a rumor circulated that the restrictions would be relaxed. So far, that has not happened. The Federal Reserve Board has just announced that the credit rules will stay as they are.

President Truman could honestly tell the country Thursday night, therefore, that the administration has stood firm in its efforts to hold inflation in check. The administration can justifiably be criticized for having got a late start; it should have done last summer some of the things it did not get around to doing until January and February. But it is acutely aware of the inflationary danger now, and Mr. Truman was on strong ground when he appealed to the people for congressional action to uphold his hand. Congress has just 15 days in which to extend the Defense Production Act which authorizes price and wage controls.

Perhaps the most important part of the President's address was that in which he emphasized that the severest test of the Nation's ability to tie down inflation is yet to come. The leveling off of price rises in recent weeks has encouraged the illusion that the danger of runaway prices has been surmounted. This may be why Congress has heard more from special interests which want to abandon controls than from consumers who have a stake in keeping them in force.

Mr. Truman's speech was a frank attempt to correct this balance. He was right in pointing out that as defense production takes a deeper bite of the national economy in months to come inflationary pressure will mount. He was right in predicting that "the price rises we have had so far are only curtain raisers to what will come along if the Congress fails to pass a strong price-control law."

Not only a strong law, but strong administration of it is needed. That is why the President's refusal to be intimidated by the cattle lobby is so important. The country will support him in his conviction that 125 percent of parity is "fair enough" for cattle prices. It will also support him—and this is crucial to the anti-inflation program—in resisting unreasonable demands from all other economic groups.

As Mr. Truman said, the people acting together are stronger than any special interest. They will act together only if they are convinced that both the law and its administration serve the general welfare and not the purposes of any special group.

[From the St. Louis Globe-Democrat of June 7, 1951]

CONTROLS BATTLE

Senate and House committees have been the scene of a major offensive against the Government's controls program. One segment of the economy after another has been ganging up to smash price, wage, and other inflation curbs. This battering free-for-all might succeed in wiping Federal controls authority off the books.

Is that what consumers want? Is that what the majority of the Nation wants? Can defense production and the over-all economy afford to risk junking controls, dubiously effective as they have so far proved? The answer is an obvious "No."

But unless Congress acts quickly, these curbs will be abandoned. The present power expires June 30. That leaves scarcely more than 3 weeks for decision by a Congress that has been preoccupied and inertia-bound virtually its whole session.

There are perhaps three principal factors that contribute to jeopardize controls. The first is a rising discontent with the control machinery, any kind of control machinery. The second is the fact that temporarily there has been a halt in the inflation spiral. The

third is the political complexion of the coming election year, when parties want to be all things to all people.

The spreading resentment over curb schedules is very real. Labor spokesmen complain about price loopholes, but contend for rising wage ceilings. Businessmen raise wrathful laments about vast paper work and incomprehensible regulations. The real estate groups want to end rent controls. Industry has its kicks. And even the housewife is bitter over uncontrolled food prices and thinks the whole curb system often a farce.

Director DiSalle, of the Price Stabilization Agency, explained, in a TV broadcast last Sunday, as controls reach into more and more fields, resentment over regulation tends to grow. Groups approve regulations for the rest of the economy, but are galled and sore about their own.

The present stall in prices is due to a combination of factors, including overstocked inventories, tighter consumer credit, an abatement of the war-scare buying, and a delay in military production, which leaves more for civilian supply. But these conditions will not continue static.

The country still needs a system of controls. It needs a much better system than it has, free of gaps and soft spots and special concessions. But weak as such a program may be, it has a braking effect on runaway inflation. Politics and widespread disgruntlement should not blind Congress to a real need for maintaining economic control authority during the defense building period.

[From the St. Joseph News-Press of June 15, 1951]

A JOB TO BE DONE

It was no fighting speech, with the belligerence of the underdog, that President Truman delivered to the Nation last night. Those who heard it over the radio and those who watched him on television noted that the President's tone was one of determined acceptance that what he had to tell the people was a job that had to be done.

His declarations backed up his tone and his manner. The collapse of our economic system would be capitulation to communism without a bomb being dropped. In the opinion of the President the need for controls to preserve our economy is as acute as the need to hold a line against a charging enemy. The Chief Executive assailed special interests who were lobbying against the Government's program and reiterated to the listening public that controls were a job that had to be accepted by us as a part of our peaceful preservation of the free way of life.

[From the St. Joseph News-Press of June 15, 1951]

CONSUMER'S CRUSADE

We are bombarded with the story of beef with each side equally vocal and equally positive. And yet the whole quarrelsome situation can be resolved quietly and irrevocably by our good friend the housewife. If the shopper refuses to buy beef there soon will be a dearth of pot roasts in the butcher's deep freeze. And when this happens there will be a slash in price to lure the buyers.

If the consumers band together in a crusade against buying then prices come down. It has happened before and it can happen again. The moment that a commodity slows down in sales value or comes to a halt completely the merchandiser cuts prices on that item and holds a bargain sale. Presto! The bargaining tag is the bait that snares the shopper.

The family market basket is a sound barometer of America's income in that the burden of its contents reflects the buying power of the American dollar. That same

market basket can empower the same dollar with greater value by refusing to harbor items priced out of reach. This cold snub by the housewife in time brings the price within her reach.

We would like to see the housewives of America settle this beef war in their own inimitable manner. They are just the gals to do it too providing that they first can convince the family that it likes salmon as well as hamburger, that fried chicken is as tasty as individual steaks cooked to order.

The PRESIDING OFFICER. The time of the Senator from Missouri has expired.

The Senator from South Carolina is recognized.

Mr. O'MAHONEY. Mr. President, will the Senator yield to me for 10 seconds?

Mr. MAYBANK. I yield to the Senator from Wyoming.

Mr. O'MAHONEY. Mr. President, my attention has been called to an omission in the amendment; so I ask unanimous consent that I may amend my amendment on page 1, line 5, by inserting the word "defense" before the word "facilities", so that it will refer to the construction of other defense facilities.

The PRESIDING OFFICER. The Senator may modify his amendment accordingly.

The Senator from South Carolina is recognized for 25 minutes.

Mr. MAYBANK. Mr. President, I will not speak very long. I merely wish to say that I regret exceedingly that the amendment was not brought before the committee. It was never considered by the committee. It was never thought of by the committee. If it had been brought before the committee we could have had hearings on it and debated it. We had weeks and weeks of hearings. The amendment is offered now, at the last minute. I agree with the substance of the amendment. However, no one took the trouble even to call the amendment to the attention of the committee.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield to the Senator from Massachusetts.

Mr. BENTON. Mr. President, the Senator from South Carolina has agreed to yield 25 minutes to me.

Mr. SALTONSTALL. Has there been any estimate made of the comparative cost of carrying out the dispersal in the way the Senator from Wyoming would have it done under his amendment, as compared to having it done where the factories are located, and with extension of existing facilities, in cases where facilities must be extended?

Mr. MAYBANK. The Senator has asked me a question which I cannot answer, because there have been no hearings on the matter before the committee. There were hearings before the Joint Committee on the Economic Report for the first time yesterday, when the Secretary of the Interior came before that committee and gave some figures as to what might happen. That I shall not discuss, because the hearing was a closed one. I am not here to oppose the amendment, because the amendment is in line with the spirit of the law. But as chairman of the Committee on Bank-

ing and Currency, I oppose it because there have been no hearings on it.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. O'MAHONEY. I call attention to the fact that the staff of the Joint Committee on the Economic Report has prepared a 56-page study upon the need of industrial dispersal.

Mr. MAYBANK. I thoroughly agree with my distinguished friend from Wyoming. He is absolutely right with respect to his position on industrial dispersal, and I had hoped it would be brought about.

So far as certificates of necessity are concerned, no one has had more to do with them than I. But the Joint Committee on the Economic Report cannot legislate. Neither can the Small Business Committee legislate. However, the matter was not called to the attention of the Committee on Banking and Currency. The Senator from Wyoming is correct in his statement as to what the Joint Committee on the Economic Report has done, and what the Small Business Committee reported. But I cannot find one line about this amendment in the hearings which occupied six long weeks in the Committee on Banking and Currency.

Mr. O'MAHONEY. Mr. President, may I ask the Senator a question?

Mr. MAYBANK. I yield.

Mr. O'MAHONEY. Does not the Senator recall that one of the sponsors of the amendment, the distinguished and able junior Senator from Alabama [Mr. SPARKMAN], is a member of the Senator's Committee on Banking and Currency?

Mr. MAYBANK. There is no one who is more friendly with or appreciative of the ability of the Senator from Alabama than I am. But unfortunately my dear friend from Alabama, whom I respect and admire, as also my dear friend, the Senator from Arkansas [Mr. FULBRIGHT], were always tied up with the MacArthur hearings when we tried to get something done in the Committee on Banking and Currency. The only Senator, so far as I know, who has had anything to say with respect to certificates of necessity, is the Senator from Illinois. The Senator from Illinois suggested that there should not be a second round before there had been a first round of such certificates. I want to be perfectly frank about this matter. We have, however, had no hearings on the subject in the committee, as I stated.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. FULBRIGHT. I called attention a moment ago to the fact that Congress as long ago as 1947, in the National Security Act, laid down as a positive policy that of strategic relocation. It seems to me that this proposition is so obvious that there is no need whatever for any hearings on it. When it is stated, "All we want is that new plants be strategically relocated," then there is no need for any kind of hearings.

Mr. MAYBANK. I deeply appreciate the statement made by the Senator from Arkansas. The Senator knows that my

heart is with him in this matter. Nevertheless, no hearings have been held on the subject before the committee.

In view of the fact that I promised the time under my control to the Senator from Connecticut [Mr. BENTON], I now yield the floor.

The PRESIDING OFFICER. The Senator from Connecticut [Mr. BENTON] is recognized.

Mr. BENTON. Mr. President, I am grateful to the distinguished chairman of the committee for allotting the time to me. So many Senators want to speak on the amendment that I believe I must limit the time for each to 2 minutes.

Mr. President, I believe this is the most far-reaching proposal that has come before the Senate since I have been a Member of it. The amendment would literally try to change the economy of the United States with but 50 minutes of debate, without a report on the subject from the Committee on Banking and Currency, and without waiting for a report from the particular committee which the President has established and which is now studying the subject.

I should like to read a paragraph from a letter written by me to Gen. George C. Marshall, after which I shall ask that the entire letter be printed in the body of the RECORD. I said in the letter:

Manifestly, industry centers in Connecticut as it does in Detroit, Chicago, and other industrial areas, because they have the electric power, the railroads, the shipping, and the water, the housing and the skilled workers, the knowledge of finance and selling, and a hundred other advantages which, under our free-enterprise system, account for their industrial supremacy. Now comes this report asking us to turn our backs on the factors which make for efficiency and low cost and to dull the industrial power which is today our greatest world asset by shifting our industrial effort to those areas of the country which, if suitable or efficient, would have developed long since. This is dangerous doctrine advanced in the name of economics.

Mr. President, I ask unanimous consent that the entire letter be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JUNE 25, 1951.

Gen. GEORGE C. MARSHALL,
Secretary, Department of Defense,
Washington, D. C.

DEAR GENERAL MARSHALL: A few days ago the staff of the Joint Committee on the Economic Report published a statement dealing with the dispersal of industries which poses a serious threat to the New England economy.

First, let me assure you that this was a staff report and in no way reflects the views of the entire committee, of which I am a member. The committee has not met to discuss it.

Secondly, I wish to emphasize that I am terribly distressed by the nature of this report because of its possible impact on the economy and future industrial potential, not only of Connecticut but of the entire six New England States. (I am attaching a copy of my letter to Mr. Paul W. Norency, president of the Hartford Chamber of Commerce, which will serve as a guide on my views and the nature of the staff report.) Moreover, the recommendations in this report are so unsound and so uneconomic for the people of the country as a whole, that their

cost to the taxpayers can only be calculated in terms of tens or even hundreds of billions of dollars.

This report proposes to freeze any future industrial development in Connecticut and the adjoining New England States, as well as in other highly industrialized areas. This is perhaps a good time for me to point out that Connecticut, during World War II and indeed during the current Korean crisis, has played a role second to none in terms of productive capacity and in its major contribution to our industrial war output. This, of course, is due not only to the nature and variety of our industrial potential in Connecticut, but to the progressive ingenuity and technical know-how of our industry to gear itself quickly, effectively, and efficiently from the manufacture of peacetime goods to the sinews of war. Any move which proposes to disrupt this marvelous productive capacity seriously jeopardizes the war effort of this Nation.

I am not certain how my views and those of my colleagues in the Congress from New England, many of whom I believe share my distress, coincide with the Defense Department's with regard to the dispersal of industry and to the future development of new war industries. I very much wish to believe that we are in complete accord on the necessity for keeping Connecticut and other New England States free of any industrial freeze-out which in turn would greatly harm our war effort.

Manifestly, industry centers in Connecticut as it does in Detroit, Chicago, and other industrial areas, because they have the electric power, the railroads, the shipping and the water, the housing and the skilled workers, the knowledge of finance and selling, and a hundred other advantages which, under our free-enterprise system, account for their industrial supremacy. Now comes this report asking us to turn our backs on the factors which make for efficiency and low cost and to dull the industrial power which is today our greatest world asset by shifting our industrial effort to those areas of the country which, if suitable or efficient, would have developed long since. This is dangerous doctrine advanced in the name of economics. I would appreciate your views upon it.

Very sincerely yours,
WILLIAM BENTON,
United States Senate.

Mr. LEHMAN. Mr. President, will the Senator yield to me?

Mr. BENTON. I yield 2 minutes to the Senator from New York.

Mr. LEHMAN. Mr. President, I look with grave doubts upon the pending amendment. I know that the sponsors of this proposal have every good and constructive motive. From the viewpoint of their respective States it is a good amendment.

I submit, however, that from the viewpoint not only of the State which I represent, but of the many other populous States of this Nation—and of the Nation itself—this amendment could prove to have most unfortunate consequences. It could be dangerous and damaging to the economy of my State and to the Nations' economy. It could contribute to the formation of weak spots in exactly those parts of the Nation where strength is the most important and most vital for the carrying out of the defense effort.

I want to make crystal clear that the State of New York and the city of New York, whose economic welfare and well-being are so critical to the welfare and

well-being of the entire Nation, are already forced to bear a disproportionate share of the sacrifices exacted by the mobilization program and its attendant shortages of materials.

The pending amendment could intensify an already serious situation and cause unwarranted and unjustified hardship and economic dislocation in the entire Nation.

Mr. President, this is a time when we cannot afford to be wasteful. As the distinguished Senator from Connecticut has already pointed out, this is no time to try to reconstruct the entire economy of the Nation, after 50 minutes' debate on the floor of the Senate. That is exactly what this amendment proposes to do.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. BENTON. Mr. President, I yield 2 minutes to the distinguished Senator from California.

Mr. KNOWLAND. Mr. President, this is not only an effort to remake—

Mr. MAYBANK. Mr. President, will the Senator yield in my time for a unanimous-consent request?

Mr. KNOWLAND. In the Senator's time; yes.

Mr. MAYBANK. Mr. President, I ask unanimous consent that this debate be extended for 10 minutes, in view of the time which was consumed in the colloquy between the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Arkansas [Mr. FULBRIGHT], and myself.

The PRESIDING OFFICER. How is the 10 minutes to be divided?

Mr. MAYBANK. Ten minutes, to be divided by the opponents.

The PRESIDING OFFICER. Is there objection?

Mr. SALTONSTALL. Mr. President, how is the time to be divided?

The PRESIDING OFFICER. Ten minutes are to be allowed to the opposition. Is there objection?

Mr. O'MAHONEY. Mr. President—

Mr. FLANDERS. Mr. President, who is given the time?

Mr. O'MAHONEY. If the Senator will pardon me, I have the floor.

The PRESIDING OFFICER. Let the Senator from Wyoming proceed.

Mr. O'MAHONEY. I wanted to determine what the unanimous-consent request was.

Mr. FLANDERS. The unanimous-consent request is not clear to this Senator.

The PRESIDING OFFICER. The Senator from Vermont is out of order. The Senator from Wyoming will proceed.

Mr. O'MAHONEY. Mr. President, I merely wished to know from the Senator from South Carolina if the additional time is being requested because the colloquy between the Senator from Arkansas and the Senator from Missouri was so strong that he needs more time to answer it.

Mr. MAYBANK. That is correct. [Laughter.]

The PRESIDING OFFICER. Without objection, 10 minutes are allowed to the opposition.

The Senator from California is recognized for 2 minutes.

Mr. KNOWLAND. Mr. President, this is not only an effort to remake the industrial map of America in 50 minutes, but I think it is one of the most dangerous proposals which has come before the Senate.

In our country up to this time people have had freedom of movement from one State to another. Some States have gained and others have lost. To carry this proposal to its ultimate conclusion, we would give to the Federal Government the power to freeze a worker to his job, wherever he might be, whether he wanted to remain there or not. Ultimately, if we should carry this idea to its logical conclusion, we would freeze the resident of a State to that State, so that no other State could gain, and that particular State would not lose.

In my judgment, the dictatorships and totalitarian governments of Europe have never opened up a Pandora's box which had such great implications for the people of the country as this amendment opens up.

What is it that we are primarily seeking in the defense program? It is to arm this country as quickly as possible so that we may be able to face any potential threat with which we are confronted. Moving industry into less thickly populated States would mean that we would have to supply housing. We would have to take people there if they were not already there, in order that they might become producers. I submit that it would be wasteful. It would be extravagant. It would slow down our defense program, and it would not achieve any of the things which have been pointed out by the proponents of the proposal.

In the old days of our country's history our coastal States used to be the ones which were subject to naval bombardment. Today a State in the middle of the country may be closer, across the polar ice cap, to the threat of Soviet aggression than is a coastal State. By what standards are we to measure the likelihood that a given area would be subject to air attack?

I submit that the amendment is dangerous on its face. With the small amount of time allotted to us on a matter of this importance, the Senate should not even consider the amendment at this time, and it should be voted down.

The PRESIDING OFFICER. The time of the Senator from California has expired.

Mr. BENTON. I yield 2 minutes to the Senator from Massachusetts [Mr. SALTONSTALL].

Mr. SALTONSTALL. Mr. President, I thank the Senator from Connecticut. I ask the same question which the Senator from California [Mr. KNOWLAND] has asked. Do we want to have defense orders executed as efficiently and as economically as possible, or do we want to try to change the face of the United States on the ground of defense?

In Pittsfield, Mass., there is a General Electric plant. At that plant, in World War II, there was made for the first time in quantity the first automatic gun director. At the present time that plant

is being extended by 62½ acres. The workers in that plant have the know-how. They worked on gun directors in the Second World War, and they have the skill to do it now. There is plenty of housing, and so far as I know there is no overemployment.

I point out to the Senator from Wyoming and the Senator from Arkansas that we have industries manufacturing consumer goods which are now going out of business temporarily because they cannot obtain the necessary materials. The skilled workers in those industries are available to go into the war effort.

Mr. O'MAHONEY. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. The time of the Senator from Massachusetts has expired.

Mr. BENTON. Mr. President, I yield 2 minutes to the distinguished Senator from Pennsylvania [Mr. DUFF].

Mr. DUFF. Mr. President, this amendment, however well-intentioned, would seriously interfere with the pattern of successful production.

In my own State of Pennsylvania, in World War II, more steel was produced than was produced by any nation in the world outside the United States. Pennsylvania produced more steel than did Germany and almost as much as Germany and Japan combined. It produced twice as much steel as did Russia and almost as much as Russia and England combined.

That business is located in Pennsylvania because of the fact that the things which are necessary are near at hand, enabling us to make the cheapest steel and the best steel in the shortest time.

At the present time the United States Steel Corp. is spending \$500,000,000 more of its own money in Pennsylvania. The only reason it is doing so is that steel can be produced more efficiently there than anywhere else. At a time when world leadership depends in a considerable degree upon our ability to produce, it would be a fatal mistake to adopt any measure which would seriously interfere with the pattern of that successful production.

Mr. BENTON. Mr. President, I yield 2 minutes to the junior Senator from Michigan.

Mr. MOODY. Mr. President, I thank the Senator from Connecticut.

This is a serious business, as the senior Senator from California [Mr. KNOWLAND] stated a moment ago. This amendment would slow down war production, at a time when the safety and security of America are at stake.

Detroit has been mentioned. All of us in Detroit, including the senior Senator from Michigan [Mr. FERGUSON] and myself, are proud of the record which Detroit made in the last war and are proud of what it is doing in the present situation. I point out that the labor is there, the skills are there, and the management know-how is there. Detroit and other communities are the type of community from which leadership must come.

Mr. O'MAHONEY. Mr. President, will the Senator yield for a question?

Mr. MOODY. In a moment. If I have time when I finish, I shall be glad to yield.

More than 50 percent of the defense production assigned to Detroit is now being subcontracted throughout the United States, and much of it to small business. A large share of the arms orders given to great corporations, such as General Motors, Chrysler, and Ford, represents production in States other than Michigan.

At a time when we need production it seems to me it would be highly impractical to put war production on a pork-barrel basis and to try to parcel it out on the basis of a revision of the entire economy of the country.

The PRESIDING OFFICER. The time of the Senator from Michigan has expired. The Senator from Connecticut.

Mr. BENTON. Speaking of Detroit, I think it is very appropriate that I should yield 2 minutes to the Senior Senator from Michigan.

The PRESIDING OFFICER. The Senator from Michigan is recognized for 2 minutes.

Mr. FERGUSON. Mr. President, this amendment is of very serious import. It is an attempt to revolutionize the industries of America and distribute them on a political basis. That is what it amounts to. Our Nation was founded by men who had skills, and who knew where they wished to locate because of economic conditions, geography, transportation, water, and so forth. Now we come to the point in America when we would say that such considerations have no bearing, but that politics should control.

Today I hear from Detroit that in the Chrysler plant 20,000 employees have been laid off. Nine thousand will be laid off at the Briggs plant. The Ford plant is going to lay off a great number of employees. We have the capacity in the places where industries are located at the present time. There it is not necessary to build homes. The machine-tool industry is well developed in Michigan, and workers can go from one plant to another when the Government needs the men. Their skills can be used, and homes will not have to be built for them, as would be the case if they had to move to other States.

This is a matter of granting great subsidies where it is not economically sound to do so. Of course, to some that will not make any difference. If it is considered politically sound, industries will be moved all over the United States. When we return to peacetime production, we will not be able to produce in competition with the rest of the world.

The PRESIDING OFFICER. The time of the Senator from Michigan has expired.

The Senator from Connecticut.

Mr. BENTON. May I ask how much time I have remaining?

The PRESIDING OFFICER. Under the unanimous-consent agreement 10 minutes was added to the opposition to the amendment. Therefore, the Senator from Connecticut has 11 minutes remaining.

Mr. O'MAHONEY. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. O'MAHONEY. The unanimous-consent agreement was to the effect that 10 minutes should be added to the debate, but that it should be equally divided.

The PRESIDING OFFICER. The Chair inquired of the mover of the unanimous-consent agreement, and the mover replied that 10 minutes was to be allowed to the opposition.

Mr. O'MAHONEY. It must be perfectly clear that the sponsor of the amendment would not agree to such an allocation of time.

Mr. MAYBANK. Mr. President, if I made a mistake, or if I did not understand correctly, I am sorry. Naturally I would have asked that the time be equally divided between the opponents and the proponents.

The PRESIDING OFFICER. There was a great deal of confusion.

Mr. MAYBANK. The Senator is correct. Reference has been made to the situation in Detroit, Pennsylvania, Massachusetts, Connecticut, Arkansas, and South Carolina. I should like to ask the Presiding Officer whether the time could be equally divided. Perhaps I should make such a request.

Mr. McMAHON. Reserving the right to object, Mr. President, I should like to hear the proponents. I should like to have them granted 10 minutes also. I ask unanimous consent that the previous unanimous-consent agreement be revised, so as to give 10 minutes to the opponents and 10 minutes to the proponents.

Mr. MAYBANK. Reserving the right to object, is the Senator making such a request at this hour, in view of what has happened?

Mr. DIRKSEN. Mr. President, reserving the right to object, I wonder whether the Senator from Connecticut would revise his request to provide that the proponents shall exhaust their time first?

Mr. McMAHON. I believe the proponents will agree to do it. Would the sponsor agree to it?

The PRESIDING OFFICER. Such a matter is usually adjusted between the managers of both sides.

Mr. O'MAHONEY. I desire to use only 3 minutes. I do not need an extra 10 minutes. I believe the opponents should exhaust their argument and then I should like to take 3 minutes to reply to their arguments.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request that 10 additional minutes, in addition to the 10 additional minutes heretofore allowed, be granted, so that each side will be allotted 10 minutes, to be controlled by the floor managers on each side?

Mr. SALTONSTALL. Reserving the right to object, I understood that the distinguished Senator from Wyoming [Mr. O'MAHONEY] said he would be satisfied with 3 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. FULBRIGHT. I do not know why it should be done that way.

The PRESIDING OFFICER. Is there objection? The Chair hears none. The Senator from Connecticut is recognized.

Mr. BENTON. What does it add up to now?

The PRESIDING OFFICER. The opposition has 11 minutes.

Mr. BENTON. The time includes the 10 minutes just recently agreed upon?

The PRESIDING OFFICER. Yes.

Mr. BENTON. I yield 2 minutes to the distinguished Senator from Vermont.

Mr. FLANDERS. Mr. President, I endeavored to clear up the confusion a few minutes ago by inquiring what it was all about. I am glad it has been settled. I was ruled out of order in trying to find out.

The PRESIDING OFFICER. The Senate will be in order.

Mr. FLANDERS. As other Senators have already stated, I wish to say that the purposes of the amendment are beyond reproach in themselves. In one part it says:

In making the determination required by subsection (a), the President shall give consideration to location in counties, or comparable governmental subdivisions.

Therefore it is not required that it be done by States or by regions.

While the announced purpose of the amendment is good, while in certain respects getting down to the county as a unit is good, I have such a profound suspicion of administrative offices in administering any law which is not specific but general in its terms, that I would expect that this law amendment, if adopted and placed in operation would be administered to suit certain regions.

I am convinced that it is completely unnecessary to enact such a provision, in view of the experience we had in World War II, in which no such limitations or controls were in effect. The South increased enormously in industry, as it should have. The Midwestern States increased enormously in industry, as they should have, and the same is true of the Pacific coast. All of it came about under sound economic conditions.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. FLANDERS. Not at this time.

The PRESIDING OFFICER. The Senator from Vermont declines to yield.

Mr. FLANDERS. If I have a few minutes remaining, I shall be glad to yield. Furthermore, Mr. President, the amendment is a little amateurish in the matter of the considerations which shall be used in making determinations. There are some 40 or 50 different considerations which a private firm takes into consideration when it looks for a new location. Private industry would do a much better job than would be done under this proposal.

Mr. FULBRIGHT. Mr. President, will the Senator now yield?

Mr. FLANDERS. I yield.

Mr. FULBRIGHT. During the last war the system of amortization which is being used now was not used. The plants were built in the South, as the Senator knows, under the Defense Plant Corporation.

Mr. FLANDERS. But they had EPC, and that was just as good or better in the final result.

The PRESIDING OFFICER. The time of the Senator from Vermont has expired.

The Senator from Connecticut has 15 minutes remaining.

Mr. FULBRIGHT. Mr. President, how many minutes are remaining? A parliamentary inquiry. The Senator from Connecticut had only 11 minutes before he yielded the last time.

The PRESIDING OFFICER. The Senator from Connecticut has 13 minutes remaining.

Mr. FULBRIGHT. A parliamentary inquiry. The chair announces the Senator had 11 minutes remaining before he yielded to the Senator from Vermont. How did he get 13 minutes?

The PRESIDING OFFICER. The Senator from Arkansas has 10 minutes remaining. The Senator from Connecticut has 13 minutes remaining.

Mr. BENTON. In the light of the suggestion of the junior Senator from Illinois, before I take my 13 minutes, would it not be appropriate for the distinguished Senator from Wyoming to take his 10 minutes and finish his presentation?

Mr. O'MAHONEY. Is the Senator asking me a question?

Mr. BENTON. I am addressing a question to the Presiding Officer.

The PRESIDING OFFICER. The matter referred to by the Senator is one to be adjusted between the floor managers.

Mr. O'MAHONEY. Mr. President, will the Senator yield to me?

Mr. BENTON. I yield.

Mr. O'MAHONEY. I think the request of the Senator from Connecticut has made is an extremely strange one. The Senator from Connecticut, after having yielded 3 minutes to other Senators, found his time increasing. [Laughter.] He had 11 minutes which he could apportion; and after 4 minutes were used by other Senators, the Senator was informed that he had 13 minutes remaining; and now he asks me to present my case so that he will be able to finish the debate on the amendment. Oh, Mr. President, I could not consent to that.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. O'MAHONEY. Certainly.

The PRESIDING OFFICER. The Senator from Connecticut has the floor.

Mr. BENTON. Mr. President, I was merely trying to learn the lesson which I thought the junior Senator from Illinois [Mr. DIRKSEN] suggested to me in his comment at the time when the unanimous-consent agreement was suggested.

I yield now 2 minutes to the distinguished junior Senator from Illinois, while I confer with the Senator from Wyoming.

Mr. DIRKSEN. Mr. President, this has certainly been an interesting day of contrasts. We have spent 6 or 7 hours fighting the great battle of the roll-back, and now we are engaged in the battle of the roll-out—namely, to roll out and bring about a great dispersion of American industry.

Mr. President, all that commends the amendment, I believe, are the rather entrancing humor and the good grace of its sponsors, for whom I have great respect

and affection. Other than that, Mr. President, I know of nothing to commend the amendment. [Laughter.]

It would be rather interesting to have a constituent negotiate the amortization of a loan, and then, after determining what kind of defense article he would make, to find that the next stop would be the White House, where he would have to find out where he could build the plant, because in the amendment that power is delegated to the President. A businessman might, for the sake of efficiency, wish to build his plant in Chicago, New York, Pennsylvania, or elsewhere, but then he might find that, under the authorization he would receive, he would wind up with building the plant in Casper, Wyo. [Laughter.]

Mr. President, I think the amendment needs no further comment.

Mr. BENTON. Mr. President, I yield 2 minutes to the Senator from Rhode Island [Mr. GREEN].

Mr. GREEN. Mr. President, in part the amendment relates to utilizing the know-how of skilled workers, including steelworkers. I represent a State which has many skilled workers—in fact, a large portion of the skilled workers in the United States. We feel that this amendment would discriminate against us.

This is not the first time that such a situation has arisen. Seven years ago a similar situation developed; at that time a similar proposal was made and argued, and an embattled Americanism defeated the proposal under similar circumstances.

Mr. President, I am somewhat amused, if not indignant, to hear the persuasive voice of the Senator from Wyoming telling us that the amendment is in the interest of New England and that New England really wants the amendment adopted. I have before me several telegrams on the subject which were sent to me. Perhaps the Senator from Wyoming would suggest that they were sent by some mistake on the part of the senders, inasmuch as those who have sent me the telegrams do not realize how much New England wants the amendment adopted.

The first telegram which I shall read comes from the president of the New England Council. The telegram is dated the 22d of this month, and reads as follows:

The executive committee of the New England Council, meeting at Manchester, Vt., today, views with deepest concern the proposed O'Mahoney-Sparkman amendment to the bill extending the Defense Production Act of 1950. We regard this amendment as an entirely unwarranted interference with the judgment and decisions of both the Government procurement agencies and the managers of American industry. Having in mind the McCarran effort to force an unnatural and uneconomic dispersal of industry in 1944, we cannot help but feel that this present proposal, whether so intended or not, would have the same effect of grossly discriminating against New England industry. We strongly urge that members of the New England delegation unite in determined opposition to this proposal unless and until they are absolutely satisfied it has been stripped of all arbitrary and discriminatory provisions.

That telegram is signed by Walter H. Wheeler, Jr., president of the New England Council.

The PRESIDING OFFICER. The time yielded to the Senator from Rhode Island has expired.

Mr. FULBRIGHT. Mr. President, does the Senator from Connecticut now have 15 minutes?

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. BENTON. Mr. President, I now count that I have yielded to 11 Senators. Therefore, I ask whether their inspiring words have sufficiently moved the Senator from Wyoming so that he may be willing to resume his remarks, inasmuch as the time available to him now exceeds the time available to me?

Mr. O'MAHONEY. I shall be glad to accommodate the distinguished Senator from Connecticut if the Senator from Rhode Island will be kind enough to hand me the telegram from which he has just read.

Mr. GREEN. I am very glad to do so.

Mr. O'MAHONEY. I thank the Senator.

Mr. President, I read from the telegram:

The executive committee of the New England Council, meeting at Manchester, Vt., today, views with deepest concern the proposed O'Mahoney-Sparkman amendment to the bill extending the Defense Production Act of 1950. We regard this amendment as entirely unwarranted interference with the judgment and decisions of both the Government procurement agencies and the managers of American industry.

Mr. President, there is a declaration of the real source of the opposition to the amendment. The management of concentrated, modern industry does not want dispersal. The management of concentrated, modern industry in the United States, which has been receiving the benefit of the great proportion of the certificates of necessity, does not want this amendment. Of course, that management does not want the amendment.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. O'MAHONEY. Mr. President, they do not want any interference with the judgment of the defense agencies, which are staffed, if I read correctly the article appearing this morning in the Times-Herald, by Wall Streeters.

Why do not we come down to the fact of the matter, Mr. President, which is that this amendment, which does not in any sense make any mandatory direction or discrimination against any industry, but is merely an exhortation to the managers of American industry who are controlling now in its distribution—

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. GREEN. Mr. President, what is the answer of Wyoming's industry?

Mr. O'MAHONEY. Mr. President, I do not yield.

Mr. GREEN. Mr. President, I yielded to the Senator from Wyoming. Will he reciprocate?

Mr. O'MAHONEY. I decline to yield, Mr. President.

The PRESIDING OFFICER. The Senator from Wyoming declines to yield.

Mr. O'MAHONEY. Mr. President, I say that this amendment undertakes to beg and petition with these gentlemen that the rest of the country shall have some consideration, particularly in view of the fact that the concentration of industry and the expansions which thus far have been granted are in a concentrated target area.

If it was just for the Congress of the United States, in the enactment of the National Security Act, to provide for the dispersal of existing industry, what objection can there be to a suggestion that all the resources of the United States be used in industries yet to be built? This amendment takes nothing away from New England.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. O'MAHONEY. Mr. President, I note from the article to which the Senator from Idaho [Mr. DWORSHAK] referred a few moments ago, that the State of Rhode Island receives five-tenths of 1 percent of the contracts issued; New York State, 16 percent; California, 18 percent; and little Rhode Island joins the parade of concentrated economic control.

Mr. GREEN. Mr. President, do all those figures mean the same thing to the Senator from Wyoming?

Mr. FLANDERS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wyoming yield to the Senator from Vermont?

Mr. O'MAHONEY. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Wyoming has 5 minutes remaining.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. O'MAHONEY. Mr. President, I have promised to yield 2 minutes to the Senator from Idaho.

Mr. FLANDERS. Mr. President, will the Senator yield for a question?

Mr. FULBRIGHT. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wyoming yield; and if so, to whom?

Mr. O'MAHONEY. Mr. President, I am yielding 3 minutes to the Senator from Minnesota and 1 minute to the Senator from Idaho. I do not wish to dissipate their time by answering the questions of Senators of the opposition.

Mr. FLANDERS. Mr. President, I wish to correct a misapprehension which the Senator from Wyoming seems to have.

Mr. O'MAHONEY. Mr. President, I now yield to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. THYE. Mr. President, I rise to support the pending amendment. I think it a very worthy amendment. Those of us who represent the great Middle West of the United States recognize, first, that we have an ample supply of food; in fact, we are constantly

shipping food to the seaboard areas of the United States. In other words, we are mining the fertility of the land of the Middle West and shipping that fertility, in the form of food grains, to the great seaboard areas.

Furthermore, we have workers. They are the type of men who will provide the factories of the country the skilled artisans and mechanics needed for any plant which it may become necessary to develop. We have the plant sites; we have the plants which will accommodate such industries as this particular amendment contemplates; and we have in the great Northwest the recreational areas which will permit weary men and women to find relaxation and regain their vigor and their strength, so that they may return to their work with renewed spirit; and we are able to provide an abundance of everything.

Mr. FREAR. Mr. President, will the Senator yield for a question?

Mr. THYE. I have but 3 minutes, and I would rather talk about the great Middle West.

The PRESIDING OFFICER. The Senator from Minnesota declines to yield.

Mr. THYE. I would rather tell of the opportunities afforded in that area, of the ability to accommodate workers and to support industrial plants; and, above all, the ability to promote the national security.

I have flown over the great eastern seaboard area. I have traveled every mile of it by automobile and train. I have seen factory after factory, almost joining one another, extending from this great National Capital to the rocky coast of Maine. So, Mr. President, I say there is a need of this type of legislation to disperse the great industrial centers, which are so highly concentrated that one bomb could erase many industrial plants. I say bring them out into God's open country, and allow the children of the workers to enjoy the freedom of that great area in the Middle West, as well as the great recreational opportunities in areas to which the workers could find retirement and recuperation when they become exhausted from their work in the plants.

Mr. President, I thank the Senator for having yielded me these moments. There is need of this type of legislation. I hope that the amendment will be favorably acted upon.

Mr. O'MAHONEY. Mr. President, I yield 2 minutes to the Senator from Idaho.

The PRESIDING OFFICER. The Senator from Idaho is recognized for 2 minutes.

Mr. DWORSHAK. Mr. President, as I have already stated, I do not believe that this amendment will materially change the industrial pattern of our Nation. I believe that there has already been a concentration of authority in the hands of the administrative agencies in approving applications for amortization for tax purposes when industrial plants are being constructed. I think it would be more pertinent and timely if the Congress were to bestir itself and make an

investigation to determine whether such agencies in the executive branch are abusing the privilege of giving special tax amortization rights to many industrial concerns.

I think that is one of the real threats to free enterprise in our country today. I am quite sure the record will show that many industrial concerns and corporations have made applications for these special privileges upon the pretense that they are expanding plants which are deemed essential for military production. I think that is a threat which should concern this body more than the redistribution of contracts for defense commodities.

I am sure that the Members of the Senate recognize the possibility of granting these special privileges of amortizing war plants during a period of 5 years, instead of 25 or 30 years. On that basis, we are destroying the potential tax returns of our country.

Mr. President, instead of making this a hilarious occasion—and there may be some justification of humor and levity in an evening session—I desire to point out that the appropriate committee of the Senate should make an investigation to determine whether there has been an unnecessary and undue concentration of authority in the agencies of the executive department to flout our tax laws. I think that is more important.

The PRESIDING OFFICER. The time of the Senator from Idaho has expired.

Mr. BENTON. Mr. President, I yield 1 minute to the Senator from Maine.

The PRESIDING OFFICER. The Senator from Maine is recognized for 1 minute.

Mr. BREWSTER. Mr. President, I am happy to associate myself with the believers in free enterprise, and to answer the suggestion that it is big business that is interested in the pending amendment. I speak for a small community in Maine, a community of 5,000. Next Wednesday they are to celebrate the one hundred and fiftieth anniversary of those who blazed the trail through the forests to found little woolen mills there, mills which are still owned by the same management. There are 250 employees in each of three or four mills, and there is a little machine shop which is now employing 800 men, a manifestation of what free enterprise can do.

They have asked no aid, and have received none. They have to establish themselves by the utilization of the limited resources at their command. We had none of the great prairies of the West, we had none of the great natural resources, but free enterprise built these industries and built this community. I commend the example to other communities of the country, saying to them, "Go thou and do likewise." We shall then have a better and a richer America.

The PRESIDING OFFICER. The time of the Senator from Maine has expired.

Mr. BENTON. Mr. President, that was a very inspiring 1-minute speech.

Mr. CAIN. Mr. President, will the Senator yield for a question?

Mr. BENTON. I yield to the Senator from Washington for a question.

Mr. CAIN. Will the distinguished Senator from Connecticut be so kind as to tell me what can be accomplished under the amendment which is before the Senate which is not possible of achievement under existing authority?

Mr. BENTON. I answered that question in my own remarks. A report is now being prepared for the President by the National Resources Board, the Defense Department, and other governmental agencies. I am sure that in that report the Senator will have a better answer to his question than I could give him now.

Mr. CAIN. I thank the Senator.

Mr. BENTON. Mr. President, I yield 1 minute to the Senator from Illinois?

The PRESIDING OFFICER. The Senator from Illinois is recognized for 1 minute.

Mr. DOUGLAS. Mr. President, this amendment would have no chance of success were it not for the lack of representation which the great industrial States have in this body. Five leading industrial States have one-third of the population of the country, but only one-tenth of the representation in the Senate. The 10 leading industrial States have over half the population of the country, but have only about half of the representation here. We, from the industrial States, are glad to have the great open spaces prosper. We are ready to pay taxes, to help education in the poorer States, but we object to having the political power of the more sparsely populated States used to decimate the industries of the great industrial centers of the United States.

Mr. BENTON. Mr. President, I yield the remainder of my time to my distinguished colleague, the senior Senator from Connecticut, but I should like to conclude with the remark that, in these six brief 2-minute speeches I think there has been more good economic sense than I have heard concentrated in a like period of time during my 18 months in the Senate.

The PRESIDING OFFICER. The senior Senator from Connecticut is recognized for 3 minutes.

Mr. McMAHON. Mr. President, I cannot believe that the Senator from Wyoming and the Senator from Alabama seriously proposed this amendment in the hope that it would be adopted. I rather think they brought it out for a trial run, because certainly Senators who are so experienced in the legislative process would hardly have proposed the adoption by the Senate of an amendment which basically affects the economy of the United States without having first presented it in full fashion and in detail to a suitable committee of the Senate. We have a committee system, and the longer I serve here the more impressed I am by the wisdom of that system, which provides for a weighing of the arguments pro and con regarding basic proposals, and this is one of the most basic proposals that has been made here in my time.

The Senator from Wyoming and the Senator from Arkansas have referred to the fact that I supported the governmental dispersal bill. That is true. By that bill the Senator from Connecticut thought and believed, as he believes now, that we could have solved, by the expenditure of \$125,000,000, what I regard as a very desperate situation, by seeing to it and guaranteeing that we would have at the nerve center of the country a continuing command if our defenses were struck. Certainly that is no argument that would lead to the conclusion that we should disperse the cities of our country, because to do so would cost us in the neighborhood of \$400,000,000,000, if we wanted some kind of security from atomic attack.

Mr. President, what is suggested would be a most wasteful proposal. It would necessitate the building of schools, streets, and all the other services required by cities which would have to surround the new plants.

I should like to say further, Mr. President, that there has been some mention of the delegation of power to the Executive. We know we would not be delegating this power to the President of the United States, because he would certainly not be able to administer it personally; he would have to delegate it to some officials who would be able to designate States for the relocation of cities, and deprive our people of the right of free choice as to where they should live and where they should work. I think the amendment is unwise, and that in the interest of our country it should be defeated.

The PRESIDING OFFICER. The time of the Senator from Connecticut has expired. All time for debate on this amendment has expired.

The question recurs on the adoption of the amendment offered by the Senator from Wyoming [Mr. O'MAHONEY].

Mr. O'MAHONEY. I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The yeas and nays have been requested.

Mr. SALTONSTALL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Hayden	Millikin
Anderson	Hendrickson	Monroney
Bennett	Hennings	Moody
Benton	Hickenlooper	Morse
Brewster	Hill	Mundt
Bricker	Hoey	Neely
Bridges	Holland	Nixon
Butler, Nebr.	Humphrey	O'Connor
Cain	Ives	O'Mahoney
Capehart	Jenner	Pastore
Carlson	Johnson, Tex.	Robertson
Case	Kefauver	Russell
Connally	Kem	Saltonstall
Cordon	Kerr	Schoeppel
Dirksen	Kilgore	Smith, Maine
Douglas	Knowland	Smith, N. J.
Duff	Langer	Smith, N. C.
Dworshak	Lehman	Sparkman
Eastland	Long	Stennis
Ellender	Magnuson	Taft
Ferguson	Malone	Thye
Flanders	Maybank	Underwood
Frear	McCarran	Welker
Fulbright	McCarthy	Wherry
George	McClellan	Wiley
Gillette	McFarland	Williams
Green	McMahon	Young

The PRESIDING OFFICER. A quorum is present. The question recurs on the adoption of the amendment offered by the Senator from Wyoming [Mr. O'MAHONEY]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Kentucky [Mr. CLEMENTS], the Senator from Wyoming [Mr. HUNT], and the Senator from Colorado [Mr. JOHNSON] are absent on official business.

The Senator from South Carolina [Mr. JOHNSTON] is absent on official committee business.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on official business, having been appointed a representative of our Government to attend the International Labor Conference being held in Geneva, Switzerland.

The Senator from Florida [Mr. SMATHERS] is absent because of illness.

The Senator from Tennessee [Mr. McKELLAR], who is absent on official business, has a general pair on this vote with the Senator from Utah [Mr. WATKINS].

Mr. SALTONSTALL. I announce that the Senator from Montana [Mr. ECTON], the Senator from Massachusetts [Mr. LODGE], and the Senator from New Hampshire [Mr. TOBEY] are absent on official business. If present and voting, the Senator from Massachusetts [Mr. LODGE] and the Senator from New Hampshire [Mr. TOBEY] would each vote "nay."

The Senator from Pennsylvania [Mr. MARTIN] is absent because of illness.

The Senator from Utah [Mr. WATKINS], who is detained on official business, has a general pair on this vote with the Senator from Tennessee [Mr. McKELLAR].

The Senator from Maryland [Mr. BUTLER] is detained on official business, and if present, he would vote "nay."

The result was announced—yeas 25, nays 56, as follows:

YEAS—25

Carlson	Langer	Schoeppel
Case	Long	Sparkman
Cordon	McCarran	Stennis
Dworshak	McClellan	Thye
Fulbright	McFarland	Welker
Hayden	Millikin	Wherry
Hennings	Mundt	Young
Hill	O'Mahoney	
Kefauver	Russell	

NAYS—56

Aiken	George	McCarthy
Anderson	Gillette	McMahon
Bennett	Green	Monroney
Benton	Hendrickson	Moody
Brewster	Hickenlooper	Morse
Bricker	Hoey	Neely
Bridges	Holland	Nixon
Butler, Nebr.	Humphrey	O'Connor
Cain	Ives	Pastore
Capehart	Jenner	Robertson
Connally	Johnson, Tex.	Saltonstall
Dirksen	Kem	Smith, Maine
Douglas	Kerr	Smith, N. J.
Duff	Kilgore	Smith, N. C.
Eastland	Knowland	Taft
Ellender	Lehman	Underwood
Ferguson	Magnuson	Wiley
Flanders	Malone	Williams
Frear	Maybank	

NOT VOTING—15

Butler, Md.	Hunt	McKellar
Byrd	Johnson, Colo.	Murray
Chavez	Johnston, S. C.	Smathers
Clements	Lodge	Tobey
Eaton	Martin	Watkins

So Mr. O'MAHONEY's amendment was rejected.

Mr. BUTLER of Nebraska. Mr. President, I call up my amendment designated "6-26-51-C," and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 3, between lines 4 and 5, it is proposed to insert the following:

SLAUGHTERING LIMITATIONS PROHIBITED

SEC. 5. Section 101 of the Defense Production Act of 1950 is amended by adding at the end thereof the following: "No restriction, quota, or other limitation shall be placed upon the quantity of livestock which may be slaughtered or handled by any processor."

Renumber succeeding sections accordingly.

Mr. BUTLER of Nebraska. Mr. President, the amendment will simply prohibit the Office of Price Stabilization from attempting to impose any quotas or other quantitative limitations on the slaughter of cattle, hogs, or other livestock under the terms of this act.

I do not believe it was ever the intention of Congress to grant to the OPS the right to place quotas on the slaughter of cattle and hogs. This matter was raised with Mr. DiSalle during the course of the hearings, and he was asked by what authority he presumed to impose these quotas. As I understand, the only authority he could cite was that contained in section 101, which granted the President the authority to allocate materials. It is clear, however, that Congress had in mind the allocation of steel, aluminum, and other scarce materials needed for direct war production. I do not believe Congress ever intended that authority to be used in an attempt to regulate the purchase and slaughter of livestock by meat packers.

At present there are quotas on the slaughter of both cattle and hogs by packing houses. In the case of cattle, the quota for June is 80 percent of the quantity slaughtered during June of 1950. In the case of hogs, the quota is 115 percent of the 1950 slaughter.

These quotas were instituted not in order to divide livestock equitably among the various meat packers. The principal purpose of the Government officials—probably their sole purpose—was to knock down the price of cattle and hogs. The authority assumed by the OPS under this section has been used as an indirect means of price control.

Furthermore, the authority has been used, I believe, illegally. The Defense Production Act of 1950 contains a specific provision that no ceilings shall be placed on any agricultural product at less than parity. Hogs are below parity. According to the Department of Agriculture, hogs have been down at 96 percent of parity for the last three consecutive months through May 15, the last date available.

By imposing these slaughter quotas, the OPS is able to prevent meat packers

from buying as many head of livestock as they otherwise would. In effect, it takes buyers out of the market, and thereby prevents the normal action of demand and supply from bidding the price of hogs up to parity. As I said, I see no justification for the OPS to use this allocation power indirectly to hold the price of a farm product down below parity. Yet that is exactly what is being done.

In the case of cattle, as I said, the quota for June is 80 percent of their kill during 1950. That means that meat packers may be prohibited from supplying the needs of their normal market even though the cattle are available and the customers are waiting. We are all aware of the grave danger that these control measures may result in a serious shortage of beef. Yet the OPS has decreed that meat packers may slaughter only 80 percent as much as they did last year.

How can we possibly expect to feed the people of this country with only 80 percent of the beef that they had last year? This order is simply outrageous.

This use—or rather misuse—of the allocation power by the OPS in this manner has another angle. We have talked a good deal about granting the administration the power to license businessmen. The committee, after full consideration of this proposal, has decided that it would be too dangerous to grant the licensing power to the President or his appointee during peacetime. Yet the OPS is today, in effect, licensing or refusing to license meat packers. Those who are registered with OPS may slaughter in accordance with its rules. Those who have been denied the right to register may not operate at all.

This matter of registering is handled through the use of the allocation power. No licenses as such are issued. However, those meat-packing plants which are not to be permitted to operate are simply denied registration. This denial of the right to register, in effect, prevents them from operating in just exactly the same way as if they were denied a license.

In my own State, there is a packing plant at McCook, Nebr., which desires to operate so as to provide a market for the livestock in the southwest and central parts of the State. It is a plant which has been in existence for a good many years, but it happens that it did not operate at all last year—1950. Because it did not operate during 1950, it has not been permitted to operate under the new slaughter regulations of the OPS. It has filed an application for an allocation, but its application has not yet been acted on although I have hopes that it will be granted very shortly. In effect, it has been denied a license to date, despite the fact that there is no authority for the use of licensing contained in this Defense Production Act.

Mr. President, I do not believe that the OPS should be permitted to set up what amounts to a licensing system through the use of the allocation power contained in title I. Furthermore, I do not believe this authority should be extended to the livestock industry when it was intended primarily for use in con-

trolling the flow of scarce materials, such as aluminum, copper, and steel, directly needed in the manufacture of tanks and planes. I believe we should put a stop to this expansion of authority by the OPS, and I move the adoption of my amendment.

Mr. MCFARLAND. Mr. President, will the Senator yield 4 minutes to me?

Mr. BUTLER of Nebraska. I yield 4 minutes to the Senator from Arizona.

Mr. MCFARLAND. Mr. President, I am happy to join with the distinguished Senator from Nebraska in this amendment. It has been pointed out on the floor of the Senate this evening that the cattlemen have already had their prices rolled back 10 percent.

Some thought, when we offered an amendment which would exclude beef producers from roll-backs, that that was special privilege. Mr. President, was it special privilege when the prices of beef producers were rolled back 10 percent, and other prices were not rolled back?

This amendment is even more important to the cattlemen than the other amendment. The feeder must buy his cattle; and if he does not know whether he is going to sell them, he is not going to buy them and feed them. Yet the regulation, providing a quota upon slaughtering, would prevent a cattleman from selling his cattle when they are fat. If we want beef, we cannot treat the cattle producers in that manner. The one thing that has broken more cattle raisers in the United States than any other factor is holding their cattle after they were fat and should be sold. Yet it is proposed by regulation to compel the cattlemen to hold their cattle when they should be placed on the market. That costs them money. The cattle feeders cannot buy feed for nothing.

Let me say to Senators who represent consumer States, and who voted against us on the other amendment, that if they want beef they had better vote for this amendment. They had better let the cattle producer sell his product when it is ready to be sold. If that is not done, he is not going to feed cattle. As was pointed out by the distinguished Senator from Vermont, after the steer becomes fat, it becomes a boarder.

Mr. President, I do not believe that we should have any argument on this amendment. I think we ought to adopt it without discussion.

Mr. MAYBANK. Mr. President—
Mr. WHERRY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WHERRY. How much time has the distinguished senior Senator from Nebraska left on the amendment?

The PRESIDING OFFICER. The Senator from Nebraska has 6 minutes remaining.

The Senator from South Carolina is recognized.

Mr. MAYBANK. Mr. President, I merely wished to make it plain that, to the utmost of my ability, I shall oppose this amendment, as being the worst amendment we could possibly have in its effect on consumers. I am to be joined in my opposition by a former

Secretary of Agriculture, the distinguished Senator from New Mexico [Mr. ANDERSON], who knows how this proposal would work.

Mr. WHERRY. Mr. President, I ask the distinguished Senator from South Carolina if he expects to use his 15 minutes?

Mr. MAYBANK. I certainly do.

The PRESIDING OFFICER. The Senator from Nebraska [Mr. BUTLER] has charge of the time on the side of the proponents and the Senator from South Carolina [Mr. MAYBANK] on the opponents.

Mr. ANDERSON. Mr. President, I suggest to the Senate that this is a very dangerous amendment. I think we should all recognize that when we tried to apply price ceilings to cattle in World War II we had a black market. One of the things which made it most difficult to control the black market was the absence of slaughter quotas.

At one time I went to the city of Cleveland. I was called there by a man named Baker, who was the head of the Stockyards Association. He asked me to take a look at the empty pens. While the pens were empty in Cleveland there was a most thriving business in Massillon, Akron, and other places, by people who had never been in the butchering business in their lives. Not one of those persons was saving the essential parts of the livestock which are particularly valuable for the cure of certain diseases. I was interested because I am a diabetic. I want to be sure that I can have insulin; but not a single plant which was slaughtering those animals was preserving the essential parts which contribute to the drug which is helpful to me and to other Members of this body. When the black market operates the byproducts are not saved. They are not saved when the animals are hauled in, slaughtered, and then taken away.

I went to Brooklyn, where Wilson & Co. had a large calf-slaughtering plant. There was not an animal in that plant, and Wilson & Co. had to suspend business in its Brooklyn plant, but a firm who had never been in the livestock business in their lives bought every calf that came into that place.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. MAYBANK. The same thing happened in Washington 2 weeks ago with respect to certain byproducts of cattle.

Mr. ANDERSON. At one time we received a report that plants in Oklahoma City were having difficulty. I see the distinguished junior Senator from Oklahoma [Mr. MONROE] in the Chamber. He was then a member of the Committee on Banking and Currency of the House of Representatives. The Oklahoma plants could not get their products—

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. ANDERSON. In a moment. Cows were being sold every day at the Oklahoma City stockyards, but they were not being slaughtered in Oklahoma. One

day we traced several carloads which left Oklahoma City and found they went to Pittsburgh. The Department of Agriculture tried to check what happened when they got to Pittsburgh. I found that one carload went to Wheeling, W. Va. Every one of those animals went into the black market. The butcher, when he was examined by the attorneys to determine whether or not he had paid more than the ceiling price, said, "They looked like choice beef to me." They were a stringy bunch of canner cows. He sold every one of them in the black market. They looked like choice beef to him.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. AIKEN. If, as the Secretary of Agriculture says, there is more beef on the hoof than there was last year, and the slaughterer licensed by the United States Government is permitted to slaughter only 80 percent as much beef as he did last year, will the Senator from New Mexico answer the question to which I have been seeking an answer for a long time, namely, what becomes of the other 20 percent of the animals which the legitimate slaughterer is not permitted to slaughter?

Mr. ANDERSON. One of the things which happens to them is that the farmers try to feed their cattle to better grades when there is a premium for better grade beef and there is plenty of feed. Eighty percent as many animals may produce exactly as much beef.

Let me say to the Senator that there is no reason why the OPS cannot, later in the year, when it finds that the beef supply has been sufficient, raise the quantity with respect to any individual plant. One of the reasons why 80 percent is put into the normal channel is that some of the 20 percent gets away. Farm slaughter is permitted in periods of this nature. The Senator recognizes that farm slaughter is not ordinarily engaged in; but people like to drive into the country in the summer time and pick up a little beef.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. MAYBANK. This afternoon the OPS ordered an increase to 90 percent.

Mr. ANDERSON. It could be increased to 90 or 100 percent. However, the point I desire to make is that unless we are able to channel beef into the hands of those whose business it is normally to handle beef, we channel it into the black market every time. Swift, Armour, Cudahy, and firms of that type, who have large financial responsibilities, do not dare to violate the OPS regulations. However, a man who had a plant at Massillon, Ohio, said frankly to our inspectors, "I have my money in a safety-deposit box, and I know what to do when I go out of business." When the OPA started to make a claim against him, he closed his plant and disappeared. However, Swift, Armour, Cudahy, and the other firms cannot do that. Unless we channel beef into the hands of the reputable firms, it will be sold in the black market every time.

I now yield to the Senator from Vermont.

Mr. AIKEN. May I inquire what becomes of the other 20 percent?

Mr. ANDERSON. I have tried to show what happens to it. What happens to it is exactly what is now happening to it. The OPS has increased the quota from 80 to 90 percent. If it finds the supply sufficient it can go up to 100 percent or 110 percent. It tries to see to it that the traditional pattern of slaughtering is preserved and that meat does not find its way into the black market.

Mr. AIKEN. The Secretary of Agriculture and the head of OPS have already agreed that there are more cattle on the hoof this year than last year. I heard them say so the other night.

Mr. ANDERSON. All I can say is that any person who knows anything about the problem realizes that that is the only way in the world that it is possible to keep cattle out of the black market and to maintain the traditional pattern of slaughtering.

Mr. SALTONSTALL and Mr. FERGUSON addressed the Chair.

The PRESIDING OFFICER. Does the Senator from New Mexico yield; and if so, to whom?

Mr. ANDERSON. I yield first to the Senator from Massachusetts.

Mr. SALTONSTALL. I do not come from a cattle-producing State. However, I was Governor of Massachusetts during the war and we had a great deal of difficulty with meat. It was because the legitimate slaughterer could not get cattle. It was due to the fact that he would not pay the black-market price. The cattle, therefore, went into the small, illegitimate slaughterhouses. What the Senator has mentioned happened. If the legitimate slaughterer has no quota and there are plenty of cattle in the market are not cattle going to go to the legitimate slaughterer?

Mr. ANDERSON. Experience is still the best teacher. I told the Senate what our experience was. We went through Chicago, and we saw empty pens. We went through Kansas City, and we saw empty pens. We found the same situation in Omaha. We found that situation wherever we went. The legitimate buyer of cattle was not there. He could not get the cattle. I do not guarantee the exact accuracy of the figure, but, as I remember, less than 10 percent of the purchases had gone to the Big Five packers. The rest went into the black market. It will always be that way unless we have quotas which channel cattle into the normal market.

Mr. SALTONSTALL. I should like to ask another question. Why should not the Senator's suggestion be applied when cattle become scarce? So long as cattle are numerous why is it not a good idea to have no quotas on legitimate slaughterers?

Mr. ANDERSON. I have tried to say that in a tough financial situation in the cattle market the price may be permitted to be bid up to a certain ceiling. The big packers, who have a tremendous financial responsibility, will not evade the ceiling. They will not pay \$21 if the ceiling is \$19.50. Therefore, every time

cattle come up they will be sold to other individuals.

I remember one such individual in the State of Ohio. His name was Hughes. He went to every sale which was held and bought every animal that came into the sale ring. How could he do it? Because he did not have the faintest interest in whether he violated the top ceiling price. He said, "I am buying this at the top, but I am getting other cattle at the bottom." When he was caught he closed shop and that was all there was to it.

We went into Seattle and there found all the big packers in trouble because there were several fly-by-nights in business. The only way it is possible to put a stop to that sort of thing is to make sure that a part of the business at least traditionally flows through normal channels.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield to the Senator from Michigan.

Mr. FERGUSON. Is it correct to say that the Senator found the conditions he mentioned to exist when licensing quotas were in existence?

Mr. ANDERSON. No. That is what I am trying to explain. When there were no slaughtering quotas in existence we found the conditions I have indicated. That is what prompted OPA to establish licensing practices.

Mr. FERGUSON and Mr. McFARLAND addressed the Chair.

The PRESIDING OFFICER. Does the Senator yield?

Mr. ANDERSON. I yield back the remainder of the time to the chairman of the committee.

Mr. MAYBANK. I do not care to have any time. All I wish to say is that what the Senator from New Mexico stated was stated before the committee not long ago when the large packers of the country came before it. The black-market fellows from Baltimore were there. They said they bought all their cattle in Sioux City.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. MAYBANK. I know very little about the cattle business. I do not know the people engaged in it. I do not set myself up as an expert. I do know that the former Secretary of Agriculture, the Senator from New Mexico, knows all about it. I yield the rest of my time to him. I do not know any of the details; but I know that the black-market operators came before the committee 2 weeks ago Tuesday night and said that they were buying cattle in Sioux City, Iowa. They had bought 130 head of cattle, they said.

Mr. McFARLAND. It was the big packers, no doubt. Did any little packers testify?

Mr. MAYBANK. The committee heard everyone it could possibly hear. We did not hear anyone on this amendment, because no one asked to be heard on it.

Mr. WHERRY. A parliamentary inquiry. What is the situation with respect to the time?

Mr. MAYBANK. I yield the remainder of my time to the Senator from New Mexico [Mr. ANDERSON].

The PRESIDING OFFICER. The Senator from New Mexico has 2 minutes remaining.

Mr. WHERRY. How much time remains on the other side?

The PRESIDING OFFICER. Six minutes.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. O'MAHONEY. Mr. President, I desire to ask the Senator from New Mexico if in his opinion price control on meat was successful during World War II?

Mr. ANDERSON. The answer is, it was not. One of the reasons why it was not successful was because meat moved into the black market.

Mr. DIRKSEN, Mr. WHERRY, and Mr. LANGER addressed the Chair.

The PRESIDING OFFICER. Does the Senator yield; and if so, to whom?

Mr. ANDERSON. I yield first to the Senator from North Dakota.

Mr. LANGER. I ask the Senator whether in World War II a farmer whose neighbors were going hungry was able to butcher meat on his own?

Mr. ANDERSON. There was a good deal of farm slaughtering practiced, and a great deal of it was proper and legitimate.

Mr. LANGER. But the insulin was wasted?

Mr. ANDERSON. Yes. I do not claim to be a friend of the big packer. However, I say there is an economical and proper way of handling a carcass. It is much better when carcasses go through the big packing plants.

Mr. DIRKSEN and Mr. WHERRY addressed the Chair.

The PRESIDING OFFICER. Does the Senator yield; and, if so, to whom?

Mr. ANDERSON. I yield first to the Senator from Illinois.

Mr. DIRKSEN. I may say to my good friend from New Mexico that I think his testimony is quite at variance with statements I have seen which were attributed to the packers. Their testimony runs like this: If 50,000 head of cattle a week are delivered in Chicago and the slaughterers can slaughter only 90 percent, 5,000 head of cattle represent the number of cattle they cannot buy. They disappear somewhere down the road. The black-market slaughterer will throw the glands into the ditch. The big packers are denied the extra 5,000 head. Frankly I should like to understand the argument of my friend.

Mr. ANDERSON. I would like to see a statement of any one of the large packers to the effect that when the quotas are set at 80 or 90 percent, only 10 percent of the cattle disappears down some dark alley. One man after another, round after round, testified that as conditions were they had to close their plants down. They did not get 10 percent of the animals. I would rather give them 90 percent than 10 percent, because I know that the cattle will move in normal channels.

The PRESIDING OFFICER. All time has been exhausted on the side of the Senator from New Mexico. The Senator from Nebraska has 6 minutes remaining.

Mr. BUTLER of Nebraska. Mr. President—

Mr. MOODY and Mr. O'MAHONEY addressed the Chair.

Mr. BUTLER of Nebraska. I have only 6 minutes. I yield first to my colleague.

Mr. WHERRY. In answer to the argument made by the Senator from New Mexico, the enforcement of cattle-slaughtering regulations is done through the licensing system. No slaughterer should be permitted to kill cattle unless he is licensed. This amendment would permit that to be done. Otherwise, there would be forced out of business many of the small slaughterers, and a black market would be built up. The 20 percent are going to be killed somewhere.

Mr. MOODY. Mr. President, will the Senator yield?

Mr. WHERRY. I should like to finish.

The PRESIDING OFFICER. The Senator declines to yield.

Mr. WHERRY. I wish to give the Senator from New Mexico the experience in Nebraska. A slaughtering plant was licensed in Nebraska, but he was given such a small quota that he could not operate profitably. That is the difficulty with many plants. To say that by enforcing licensing we will get away from the black market is a fallacy. We tried to maintain that all these years. When cattle is in abundant supply we should let the legitimate slaughterer slaughter all the cattle he can, and slaughter up to 100 percent. If that is done, the meat will go through the legitimate channels that are licensed, and then we shall not have the experience with black-market operations about which the Senator told us. When there is a slaughter of only 80 percent, the result is that cattle are carried over.

If what this amendment proposes is not to be allowed, those in charge of the program should at least permit the licensed slaughterers to purchase all the cattle they wish to purchase whenever they wish to purchase them, and then be permitted to slaughter the cattle within the quotas which are allowed daily; and then eliminate a certain percentage, so as not to have a black market.

Senator yield?

Mr. MOODY. Mr. President, will the Senator yield?

Mr. WHERRY. I yield to the Senator from Michigan.

Mr. MOODY. Is it not true, as the Senator has said, that the purpose of the allocations is to keep the cattle out of the black market?

Mr. WHERRY. No; the licensing keeps the cattle out of the black market.

Mr. MOODY. But is it not true that the 80-percent allowance, made as of a year ago, is exactly 100 percent of the cattle now coming into the market?

Mr. WHERRY. Mr. President, I ask the Senator to let me proceed; I do not have enough time to be able to yield further.

What the situation was a year ago makes no difference now. If price ceilings are going to be imposed, we have to approach this situation as if there were a scarcity of beef. The only way to obtain adequate production is not only to permit the feeders to feed cattle in the feed lots, but also to let the slaughterers kill 100 percent of the cattle that are available. That is exactly what we need today.

Mr. FERGUSON. Mr. President, if the Senator will yield, let me say that there will be no quotas unless this amendment is adopted, but there will be licenses.

Mr. WHERRY. Yes, there will be licenses, not quotas; and then we shall get rid of the black market.

Mr. BUTLER of Nebraska. I yield now to the Senator from Wyoming.

Mr. THYE. Mr. President—
The PRESIDING OFFICER. The Chair asks Senators to suspend for a moment. The Senator from Nebraska has only 2 minutes remaining.

Mr. THYE. Mr. President, I seek some information in regard to the amendment.

Mr. BUTLER of Nebraska. Mr. President, if I have only 2 minutes remaining, I divide that time, and yield 1 minute to the Senator from Wyoming [Mr. O'MAHONEY] and 1 minute to the Senator from Ohio [Mr. BRICKER].

I yield now 1 minute to the Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming is recognized for 1 minute.

Mr. O'MAHONEY. Mr. President, I hold in my hand an official document in which the OPS refers to the present system as a quota system, and in the document it is expressly stated that one of the purposes of the quota system is to eliminate competition among the packers for the purchase of cattle. Mr. President, when a few men in Washington undertake to eliminate the competitive system, that is something for us to think about.

Another statement in this document is a clear acknowledgment that the system does not work. I read from the document:

The intent of slaughter quotas is not to restrict but to limit equitably, says the OPS. The percentage factors provided slaughterers each month in advance represent the informed expectation of OPS officials. If the quota program were working perfectly, the above statement would hold.

Mr. President, there is an acknowledgment that it is not working perfectly, and that is why the amendment should be adopted.

Mr. BUTLER of Nebraska. Mr. President, I now yield 1 minute to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio [Mr. BRICKER] is recognized for 1 minute.

Mr. BRICKER. Mr. President, the question of licensing is one of delegated power from the Secretary of Agriculture. There is a very serious question in my mind as to whether the Price Administrator has the power of licensing; but he has said before our committee that he does not intend to license any more

slaughterers. He has held legitimate slaughterers down to an 80-percent quota, and next month I think a 90-percent quota will be allowed.

In the Second World War, to which the Senator from New Mexico alluded, there were 11,000 additional licensed slaughterers. They were legitimate slaughterers; but even with that situation, beef went into the black market.

Today, with no additional licensed slaughterers, and with the legitimate slaughterers being able to slaughter only 80 percent of their 1950 quota, and with the people demanding more and more beef, thus requiring more beef on the hoof than ever before, it is inevitable that the beef will be driven into the black market.

The description given a few minutes ago by the Senator from New Mexico explains exactly what the legitimate packers presented to our committee 1 night week before last. Their stockyards also were depleted, and they were not getting their quotas. They told us that the cattle were going down the road, not to newly licensed slaughterers, but to the black market.

Today the legitimate slaughterers are losing the market, just as occurred during the Second World War; and the black market is getting the cattle, because the quota system is driving the cattle there.

The PRESIDING OFFICER. All time for debate on the amendment has expired.

Mr. MAYBANK. Mr. President, I ask unanimous consent that there be printed in the RECORD a statement I have prepared in regard to the amendment offered by the Senator from Nebraska [Mr. BUTLER].

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MAYBANK

The proposed amendment would prohibit all restrictions on the quantity of livestock to be slaughtered or handled by any processor of livestock.

THE AMENDMENT WOULD PREVENT EFFECTIVE MEAT PRICE CONTROL

This amendment, which would knock out the entire OPS slaughter quota program, seems to be based on a misconception of the purpose and effect of that program.

(a) Objectives of the slaughter quota program: The OPS slaughter quota system is a method for allocating available supplies of livestock among slaughterers. Its objectives are:

1. To assure a fair division of available supplies of livestock among existing slaughterers.
2. To prevent irresponsible operators from diverting meat into the black market.

First, experience in World War II demonstrated that there can be no equitable distribution of meat among areas, or to consumers, or to meat processors or distributors unless livestock is kept moving in normal channels. Slaughter quotas are the foundation of any program for equitable distribution of meat.

Second, it is an essential requisite of any system of controls that the businesses regulated have an opportunity for a fair profit. In the absence of slaughter controls, established slaughterers might not be able to get adequate supplies of livestock and be unable to earn a fair return.

Third, unless meat is controlled at the slaughter level, the task of controlling the

black market becomes very difficult. In World War II black-market sellers frequently obtained their supplies from irresponsible operators who invaded the slaughtering business and diverted supplies from legitimate slaughterers. Moreover, legitimate and established businesses which do not get their fair share of livestock or of meat are under constant economic pressure to go into the black market in order to survive.

(b) Method of the order: The method used in distribution regulation 1 to achieve these objectives is basically simple.

Packers are prohibited from slaughtering in any given month a greater proportion of the total available livestock than they slaughtered in 1950. Thus if a packer slaughtered in June 1950 1 percent of the total liveweight or cattle slaughtered in that month, he may slaughter in June 1951 only 1 percent of the liveweight of all cattle slaughtered in June 1951.

This result is accomplished by giving each slaughterer for each month a quota base for each species of livestock equal to the amount he slaughtered in the corresponding month of 1950. Then an estimate is made of the livestock which will come to market in a particular month. This estimate is based on information from various sources, including Department of Agriculture data.

If it is estimated that marketings of a particular species of livestock in a particular month will be 110 percent of what they were in the same month last year each slaughterer has a quota equal to 110 percent of his quota base. If the estimate for that species in that month is 90 percent, each slaughterer's quota for that species is equal to 90 percent of his quota base.

(c) Objections to the quota system are due to misunderstanding: Two general objections have been made to the slaughter quota program. The first is that it is designed to limit livestock marketings and will result in shortages. The second is that the order is unfair to persons who want to enter the slaughtering business.

First, it is obvious from the explanation above that the quotas are not a limitation on livestock marketings but only a method for dividing livestock brought to market, equitably among slaughterers. Quota percentages are fixed on the basis of estimated marketings. If the percentage proves to be too low, the regulation provides for an increase. Also individual quota increases are granted in local situations when marketings are running higher than the national average.

When, as in the month of May, cattle quotas were set at 90 percent the question is sometimes raised as to what will become of the other 10 percent. As explained above, there is no other 10 percent. The quotas in any given month are set at a level sufficient to absorb all cattle brought to market in that month.

When quotas are set at 90 percent, the percentage is not 90 percent of current marketings but rather 90 percent of last year's marketings. This is because the number of livestock being marketed in a particular month is that much less than the number marketed in the corresponding month of 1950.

Second, the slaughter-control order also provides in effect that new operators will not receive a quota for livestock except in certain situations. Thus, adjustments have been granted under section 9 of the order in cases where slaughterers made investments in facilities prior to the date of the order even though they did not slaughter any livestock in 1950. Adjustments have also been granted where facilities have been expanded.

Also section 10 of the order provides that new entrants into the slaughtering business will be registered and granted quotas where

they show that their operations are essential to meet civilian needs in the area to be served, that the products to be produced cannot be obtained from any other source, and that the operation of the new establishment will promote the national defense by facilitating the production and orderly distribution of meat.

These provisions obviously will keep out potential black market operators but permit the entry of persons whose proposed operations serve a genuine need and contribute to the national defense.

In brief, the slaughter quota program is a method of assuring equitable distribution of livestock and of meat, of protecting legitimate enterprises in the meat business and of preventing the growth of the black market. It is not a restriction on production not a device to limit marketing of livestock.

THE AMENDMENT MIGHT BE CONSTRUED SO BROADLY AS TO FORBID THE ENTIRE OPS SLAUGHTERER'S REGISTRATION PROGRAM AND CRIPPLE PRICE CONTROL

The effect of the present OPS program is to limit slaughtering operations to those persons who were engaged in such operations prior to February 9, or who show that their operations would serve an essential civilian need. The lack of such controls would make it very difficult to prevent diversion of meat from normal channels of distribution into the black market. The experience in World War II demonstrated that a major portion of the black market activities under OPA were carried on by new slaughterers. These new slaughterers bought cattle at overvalued prices, and thereby prevented legitimate slaughterers from getting their fair share of the supply. In addition, instead of selling meat to legitimate wholesalers and retailers, they sold meat over the ceiling to persons who in turn charged consumers prices in excess of the ceiling. The registration provisions of the slaughter-control program are essential to protect legitimate packers and distributors of meat and to protect consumers.

THE PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Nebraska [Mr. BUTLER]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Kentucky [Mr. CLEMENTS], the Senator from Wyoming [Mr. HUNT], the Senator from Colorado [Mr. JOHNSON], and the Senator from Louisiana [Mr. LONG] are absent on official business.

The Senator from South Carolina [Mr. JOHNSTON] is absent on official committee business.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on official business, having been appointed a representative of our Government to attend the International Labor Conference being held in Geneva, Switzerland.

The Senator from Florida [Mr. SMATHERS] is absent because of illness.

The Senator from Tennessee [Mr. McKELLAR], who is absent on official business, has a general pair on this vote with the Senator from Utah [Mr. WATKINS].

I announce further that if present and voting, the Senator from Louisiana [Mr. LONG] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Montana [Mr. ECTON]

and the Senator from New Hampshire [Mr. TOBEY] are absent on official business. If present and voting, the Senator from New Hampshire [Mr. TOBEY] would vote "nay."

The Senator from Pennsylvania [Mr. MARTIN] is absent because of illness.

The Senator from Utah [Mr. WATKINS], who is detained on official business, has a general pair on this vote with the Senator from Tennessee [Mr. McKELLAR].

The Senator from Maryland [Mr. BUTLER], who is detained on official business, is paired with the Senator from Massachusetts [Mr. LODGE], who is absent on official business. If present and voting, the Senator from Maryland would vote "yea" and the Senator from Massachusetts would vote "nay."

The result was announced—yeas 47, nays 33, as follows:

YEAS—47

Aiken	Ferguson	Millikin
Bennett	Flanders	Mundt
Brewster	Gillette	Nixon
Bricker	Hayden	O'Connor
Bridges	Hendrickson	O'Mahoney
Butler, Nebr.	Hickenlooper	Saltonstall
Cain	Jenner	Schoeppel
Capehart	Johnson, Tex.	Smith, N. J.
Carlson	Kem	Taft
Case	Knowland	Thye
Connally	Langer	Welker
Cordon	Malone	Wherry
Dirksen	McCarran	Wiley
Duff	McCarthy	Williams
Dworshak	McClellan	Young
Eastland	McFarland	

NAYS—33

Anderson	Holland	Moody
Benton	Humphrey	Morse
Douglas	Ives	Neely
Ellender	Kefauver	Pastore
Frear	Kerr	Robertson
Fulbright	Kilgore	Russell
George	Lehman	Smith, Maine
Green	Magnuson	Smith, N. C.
Hennings	Maybank	Sparkman
Hill	McMahon	Stennis
Hoey	Monroney	Underwood

NOT VOTING—16

Butler, Md.	Johnson, Colo.	Murray
Byrd	Johnston, S. C.	Smathers
Chavez	Lodge	Tobey
Clements	Long	Watkins
Ecton	Martin	
Hunt	McKellar	

So the amendment of Mr. BUTLER of Nebraska was agreed to.

Mr. McFARLAND. Mr. President, I stated the Senate would remain in session until around 10 o'clock this evening. If we were now to take up another amendment, we would be kept here until close to 11. I hope that tomorrow when the Senate reconvenes all Senators will be present on the floor. We have an average of three quorum calls a day. It takes 20 minutes to call a quorum, and that means that we consume 1 hour every day on quorum calls. For 5 days that amounts to 1 day that we lose every week on quorum calls. If all Senators would be on the floor ready to transact business we could save 1 day a week. I respectfully ask Senators to be on the floor tomorrow at 12 o'clock, so that we may dispose of the pending bill. We can omit minor sessions if Senators will only be on the floor so that it will be unnecessary to consume time on quorum calls.

Mr. AIKEN. Mr. President, will the Senator yield so that I may offer an amendment?

Mr. McFARLAND. I yield.

Mr. AIKEN. I offer an amendment to the pending bill and ask that it be printed and lie on the table.

The VICE PRESIDENT. The amendment will be printed and lie on the table.

Mr. MAYBANK. Mr. President, I wish to congratulate the distinguished majority leader for having held the Senate in session this evening. As I understand, it is expected that we will be in session here tomorrow night if we do not finish the bill in the meantime. Is that correct?

Mr. McFARLAND. Yes. It is our intention to finish with the bill tomorrow.

Mr. MAYBANK. I am fearful over one possibility, and I can speak for the majority of the members of the Committee on Banking and Currency in saying this. They feel that we should pass the bill, that we should not postpone action on it and pass a resolution continuing the act for 30 or 60 days. I wish to make it perfectly clear and perfectly plain that, if such a resolution comes before the Senate, there are several Senators, including myself, who intend to talk and talk and talk, because we believe it is the duty of the Senate to pass the bill.

We believe that as a committee we have fulfilled our duty. We conducted hearings for 6 weeks. We have written and reported a bill, and are making an effort to have it passed. I understand from newspaper reports that perhaps there may have to be an extension of the present law. I hope and pray that will not be necessary. I am certain that, with the able leadership of the majority leader, and of the minority leader, who stated he would remain here, we can get the bill passed by the Senate. It would be for the good of the people. I trust it will not be necessary to have a continuing resolution, which would only create more pandemonium, not only for the country, but for every Senator for the next 30 days.

Mr. THYE. Mr. President, will the Senator from Arizona yield?

Mr. McFARLAND. I yield to the Senator from Minnesota.

Mr. THYE. I send to the desk an amendment to the pending bill.

The VICE PRESIDENT. The amendment will be printed and lie on the table.

PAYMENT FROM CONTINGENT FUND FOR PERSONAL SERVICES

Mr. HUMPHREY. Mr. President, I ask unanimous consent for the immediate consideration of a resolution which I submit from the Committee on Labor and Public Welfare. The purpose of the resolution is to authorize an expenditure from the contingent fund of the Senate of the sum of \$841.49. This is to pay a salary which is long overdue. The resolution was unanimously approved and is presented on behalf of the full committee. It is merely a routine matter for the payment of a salary which needs to be paid to an employee who is no longer with us.

Mr. WHERRY. Is this a resolution which would ordinarily go to the Committee on Rules and Administration?

Mr. HUMPHREY. Yes. I should like, however, to have it considered now and acted on at this moment, if possible.

Mr. WHERRY. Does the Senator desire to have it acted upon, without having been referred to the Committee on Rules and Administration?

Mr. HUMPHREY. Yes; it was my intention to have it voted upon by the Senate.

Mr. WHERRY. Is this the report to which the Senator previously referred?

Mr. HUMPHREY. No; this is an entirely different matter. The Senator from Nebraska is thinking of another employee. This is in reference to one who was on our payroll, but who has been off the payroll since February. The committee owes him for about 2 months' services.

The VICE PRESIDENT. The Senator will send forward the resolution. The Chair will state that, unless the requirement of the rule that it go to the Committee on Rules and Administration is waived, it will have to go to the committee, and cannot be acted upon at this time.

Mr. WHERRY. I asked the Senator to yield so that I could ascertain whether that was his purpose. I did not know he wanted to have the resolution considered now. I can see no reason why it should not follow the regular procedure. If there is some reason to the contrary, I should like to have the explanation.

Mr. HUMPHREY. I should be very happy to try to give the explanation.

The reason for asking action at this time is because the gentleman who was the associate counsel of the committee has been without pay for several months while other resolutions have been held up in the Senate. I feel that since this gentleman is not in question, we should pay him, and the only way we can do so is to get action on the Senate floor at this time. The man is getting a little hungry, Mr. President.

Mr. WHERRY. The man may be hungry, but that is no fault of the Committee on Rules and Administration. Certainly to consider such resolutions is the work of the Committee on Rules and Administration. Has the Senator consulted the chairman of that committee about the matter?

Mr. HUMPHREY. I just consulted with a minority member of the committee.

Mr. WHERRY. He is not a member of the Committee on Rules and Administration.

Mr. HUMPHREY. I have been around here long enough to watch "quicky" resolutions go through. I am not asking for any "quicky" resolution to be considered at this time.

Mr. WHERRY. Mr. President, I think the resolution should be referred to the Committee on Rules and Administration. Did the Senator from Minnesota get clearance from the chairman of the committee? Unless that can be done, I shall ask to have the resolution lie on the table. A half day will not make much difference—it may involve one hamburger sandwich. We can take it up tomorrow. I have no particular objection, but I certainly think the Committee on Rules and Administration should not be bypassed.

The VICE PRESIDENT. The rule requires that such resolutions must be referred to the Committee on Rules and Administration, unless by unanimous consent the rule is waived.

Mr. WHERRY. Mr. President, I ask unanimous consent that the resolution lie on the table until tomorrow noon, and at that time the Senator from Minnesota can bring it up again. In the meantime, he can poll the members of the committee and if they are satisfied, it is all right with me.

Mr. HUMPHREY. Mr. President, I am very grateful for the request of the Senator from Nebraska. I only want the Record to be clear that it is not an unusual performance for a resolution to be given immediate consideration. In this instance, all I was attempting to do was to expedite the matter. It had been lying around, tied in with other business. This resolution was taken out of another resolution, and it pertains to one individual. I shall be glad to wait until tomorrow to take care of the urgent needs of the gentleman in question.

The resolution (S. Res. 164) submitted by Mr. HUMPHREY (for himself and Mr. MURRAY), was ordered to lie on the table, as follows:

Resolved, That the Committee on Labor and Public Welfare is authorized to expend from the contingent fund of the Senate the sum of \$841.49 for the purpose of discharging obligations for personal services incurred under authority of Senate Resolution 140, Eighty-first Congress, as extended by Senate Resolution 367, Eighty-first Congress.

EXTENSION OF DEFENSE PRODUCTION, AND HOUSING AND RENT ACTS

The Senate resumed the consideration of the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

Mr. McFARLAND obtained the floor.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. McFARLAND. I yield to the Senator from Alabama.

Mr. SPARKMAN. Mr. President, on June 4, last, 55 Members of the Senate joined me in an amendment to the bill which has since been reported from the committee as Senate bill 1717. The Banking and Currency Committee tentatively changed the amendment and then struck out the change by a 7 to 6 vote when some of the agencies concerned suggested changes which we did not have time to make. Since that time we have gotten together and have prepared certain changes in the amendment which meet the objections. We have letters from all of the agencies concerned, the Comptroller General, the Munitions Board, the defense agencies, RFC, and the Department of Commerce, all approving the amendment. Originally it called for the establishing of a Small Defense Plants Corporation. The changes have been made in accordance with the recommendations, and these agencies are asking for the proposed legislation.

Therefore, Mr. President, on behalf of myself and other Senators who would like to join me, although I have not included their names because I have not

had an opportunity to clear it with each individual Senator who joined in the other amendment, I send to the desk a proposed amendment to the pending bill and ask that it be printed and lie on the table.

The VICE PRESIDENT. The amendment will be printed and lie on the table.

Mr. WHERRY. Mr. President, will the Senator from Arizona yield?

Mr. McFARLAND. I yield.

Mr. WHERRY. Mr. President, I should like to offer an amendment to the bill and have it printed and lie on the table. The amendment is to line 9, page 2. I want to strike the word "lower" and insert in lieu thereof the word "either."

The VICE PRESIDENT. The amendment will be printed and lie on the table.

RECESS

Mr. McFARLAND. I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 9 o'clock and 55 minutes p. m.) the Senate took a recess until tomorrow, Thursday, June 28, 1951, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 27, 1951:

COMMISSIONER OF INTERNAL REVENUE

John B. Dunlap, of Texas, to be Commissioner of Internal Revenue, in place of George J. Schoeneman, whose resignation is effective July 31, 1951.

UNITED STATES ATTORNEY

Harvey Erickson, of Washington, to be United States attorney for the eastern district of Washington. He is now serving in this office under an appointment which expired February 7, 1951.

UNITED STATES MARSHAL

Wayne Bezona, of Washington, to be United States marshal for the eastern district of Washington. Mr. Bezona is now serving in this office under an appointment which expired September 27, 1948.

IN THE NAVY

William C. Bagot (Naval ROTC) to be an ensign in the Navy, in lieu of ensign in the Navy as previously nominated and confirmed, to correct name.

The following-named (Naval ROTC) to be ensigns in the Medical Service Corps of the Navy, in lieu of ensigns in the Navy as previously nominated and confirmed:

Kenneth N. Anderson

Richard S. Jonas

Maurice Leenay

The following-named women (civilian college graduates) to be ensigns in the Navy:

Barbara A. Garrett

Helen L. Larson

The following-named (civilian college graduates) to the grade indicated in the Medical Corps of the Navy:

LIEUTENANTS (JUNIOR GRADE)

James C. Larkin, Jr.

William R. Floss

The following-named (civilian college graduates) to the grade indicated in the Dental Corps of the Navy:

LIEUTENANTS (JUNIOR GRADE)

Howard H. Morman

Paul H. Ohlson

Edwin F. Weaver III

June 28
1. Beate
Tiger

5-1757

AD 407

S. 1717

JUNE 28 (legislative day, JUNE 27), 1951
Ordered printed as passed by the Senate

8 “(a) Titles I, II, III, and VII of this Act and all
9 authority conferred thereunder shall terminate at the close of
10 June 30, 1953, but such titles shall be effective after June
11 30, 1952, only to the extent necessary to aid in carrying out

1 contracts relating to the national defense entered into by the
2 Government prior to July 1, 1952.

3 “(b) Titles IV, V, and VI of this Act and all authority
4 conferred thereunder shall terminate at the close of February
5 29, 1952.”

6 LIMITATION ON ROLL-BACKS

7 SEC. 2. Section 402 (d) of the Defense Production Act
8 of 1950 is amended by adding at the end thereof the following
9 new paragraph:

10 “(4) After the enactment of this paragraph no ceiling
11 price shall become effective which is below either (A) the
12 price prevailing just before the date of issuance of the regu-
13 lation or order establishing such ceiling price, or (B) the
14 price prevailing during the period January 25, 1951, to
15 February 24, 1951, inclusive. Nothing in this paragraph
16 shall prohibit the establishment or maintenance of a ceiling
17 price with respect to any material (other than an agricultural
18 commodity) which is based upon a period prior to January
19 25, 1951, if such ceiling price reflects adjustments for in-
20 creases or decreases in actual factory and labor costs, includ-
21 ing reasonable allowances for other costs occurring subse-
22 quent to such period.

23 “(5) No ceiling shall be established or maintained on
24 products resulting from the processing of cattle and calves,
25 lambs and sheep, and hogs, the processing of each species

1 being separately considered, which do not allow for a reason-
2 able margin of profit to each segment of the processing
3 industry as a group on each such species.”

4 LIMITATIONS ON CREDIT CONTROLS FOR AUTOMOBILES

5 SEC. 3. Section 601 of the Defense Production Act of
6 1950 is amended by adding at the end thereof the follow-
7 ing: “No regulation or order issued under this section shall,
8 in respect to new or used automobiles (including taxicabs),
9 designed for the purpose of transporting less than ten pas-
10 sengers, (1) require a down payment in excess of $33\frac{1}{3}$ per
11 centum or limit the maximum loan value to less than $66\frac{2}{3}$
12 per centum, or (2) prescribe a maximum maturity of less
13 than eighteen months.”

14 LOANS GUARANTEED BY VETERANS' ADMINISTRATION

15 SEC. 4. Section 605 of the Defense Production Act of
16 1950 is amended (1) by striking out the period at the end
17 thereof and inserting in lieu thereof the following: “: *And*
18 *provided further*, That no more than 6 per centum down
19 payment shall be required in connection with the loan on any
20 home guaranteed by the Veterans' Administration, pursuant
21 to the Servicemen's Readjustment Act of 1944, as amended,
22 and the transaction price of which home does not exceed
23 \$12,000, except that if, on the basis of residential units
24 started in any three consecutive months, the President finds
25 that the probable number of residential units to be started

1 in a succeeding twelve-month period will exceed 850,000 he
2 may suspend this proviso for such period or periods as he
3 shall specify.

4 REPEAL OF TITLE III APPROPRIATION LIMITATION

5 SEC. 5. Section 304 (c) of the Defense Production
6 Act of 1950 is amended by striking out “, not in excess
7 of \$1,400,000,000,”.

8 SLAUGHTERING LIMITATIONS PROHIBITED

9 SEC. 6. Section 101 of the Defense Production Act of
10 1950 is amended by adding at the end thereof the following:
11 “No restriction, quota, or other limitation shall be placed
12 upon the quantity of livestock which may be slaughtered
13 or handled by any processor.”

14 SEC. 7. Title I of the Defense Production Act of 1950
15 is hereby amended by adding the following section:

16 SEC. 104. Notwithstanding the provisions of any other
17 law, import controls of fats and oils (including oil-bearing
18 materials, fatty acids, and soap and soap powder, but ex-
19 cluding petroleum and petroleum products and coconuts and
20 coconut products), peanuts, butter, cheese and other dairy
21 products, and rice and rice products are necessary for the pro-
22 tection of the essential security interests and economy of
23 the United States in the existing emergency in international
24 relations, and no imports of any such commodity or product
25 shall be admitted to the United States until after June 30,

1 1953, which would (a) impair or reduce the domestic pro-
2 duction of any such commodity or product below present
3 production levels, or below such higher levels as the Secre-
4 tary of Agriculture may deem necessary in view of domestic
5 and international conditions, or (b) interfere with the orderly
6 domestic storing and marketing of any such commodity or
7 product, or (c) result in any unnecessary burden or expendi-
8 tures under any Government price support program.

9 SEC. 9. Section 701 of the Defense Production Act of
10 1950 is amended to read as follows:

11 "SEC. 701. (a) (1) It is the sense of the Congress that
12 small-business concerns be encouraged to make the greatest
13 possible contribution toward achieving the objectives of this
14 Act. In order to carry out this policy there is hereby created
15 an agency under the name 'Small Defense Plants Admin-
16 istration' (hereinafter referred to as the Administration),
17 which Administration shall be under the general direction
18 and supervision of the President. The principal office of the
19 Administration shall be located in the District of Columbia,
20 but the Administration may establish such branch offices
21 in other places in the United States as may be determined by
22 the Administrator of the Administration. For the purposes
23 of this section, a small-business concern shall be deemed
24 to be one which is independently owned and operated and
25 which is not dominant in its field of operation. The Admin-

1 istration, in making a detailed definition, may use these
2 criteria, among others: independency of ownership and op-
3 eration, number of employees, dollar volume of business, and
4 nondominance in its field.

5 “(2) The Administration is authorized to obtain money
6 from the Treasury of the United States, for use in the per-
7 formance of the powers and duties granted to or imposed
8 upon it by law, not to exceed a total of \$50,000,000 out-
9 standing at any one time. For this purpose appropriations
10 not to exceed \$50,000,000 are hereby authorized to be made
11 to a revolving fund in the Treasury. Advances shall be made
12 to the Administration from the revolving fund when re-
13 quested by the Administration. This revolving fund shall
14 be used for the purposes enumerated subsequently in section
15 701 (b) (1) (B), (C), (D), and (E). Reimbursements
16 made to the Administration under these operations shall
17 revert to the revolving fund for use for the same purposes.

18 “(3) The management of the Administration shall be
19 vested in an Administrator who shall be appointed by the
20 President, by and with the advice and consent of the Senate,
21 and who shall be a person of outstanding qualifications known
22 to be familiar and sympathetic with small-business needs and
23 problems. The Administrator shall receive compensation
24 at the rate of \$17,500 per annum. The Administrator shall
25 not engage in any other business, vocation, or employment

1 than that of serving as Administrator. The Administrator
2 is authorized to appoint two Deputy Administrators to assist
3 in the execution of the functions vested in the Administration.
4 Deputy Administrators shall be paid at the rate of \$15,000
5 per annum.

6 “(4) The Administration shall not have succession,
7 beyond June 30, 1952, except for purposes of liquidation,
8 unless its life is extended beyond such date pursuant to an
9 Act of Congress. It shall have power to adopt, alter, and
10 use a seal, which shall be judicially noticed; to select and
11 employ such officers, employees, attorneys, and agents as
12 shall be necessary for the transaction of business of the
13 Administration; to define their authority and duties, require
14 bonds of them, and fix the penalties thereof. The Admin-
15 istration, with the consent of any board, commission, inde-
16 pendent establishment, or executive department of the Gov-
17 ernment, may avail itself of the use of information, services,
18 facilities, including any field service thereof, officers, and
19 employees thereof in carrying out the provisions of this
20 section.

21 “(5) All moneys of the Administration not otherwise
22 employed may be deposited with the Treasurer of the United
23 States subject to check by authority of the Administration
24 or in any Federal Reserve bank. The Federal Reserve banks
25 are authorized and directed to act as depositaries, custodians,

1 and fiscal agents for the Administration in the general per-
2 formance of its powers conferred by this Act. All insured
3 banks, when designated by the Secretary of the Treasury,
4 shall act as custodians, and financial agents for the
5 Administration.

6 “(b) (1) Without regard to any other provision of law
7 except the regulations prescribed under section 201 of the
8 First War Powers Act, 1941, as amended, the Administra-
9 tion is empowered—

10 “(A) to recommend to the Reconstruction Finance
11 Corporation loans or advances, on such terms and con-
12 ditions and with such maturity as the Reconstruction
13 Finance Corporation may determine on its own discre-
14 tion, to enable small-business concerns to finance plant
15 construction, conversion, or expansion, including the ac-
16 quisition of land; or finance the acquisition of equipment,
17 facilities, machinery, supplies, or materials; or to finance
18 research, development, and experimental work on new or
19 improved products or processes; or to supply such con-
20 cerns with capital to be used in the manufacture of
21 articles, equipment, supplies, or materials for defense or
22 essential civilian purposes; or to establish and operate
23 technical laboratories to serve small-business concerns;
24 such loans or advances to be made or effected either
25 directly by the Reconstruction Finance Corporation or in

1 cooperation with banks or other lending institutions
2 through agreements to participate in insurance of loans,
3 or by the purchase of participations, or otherwise;

4 “(B) to enter into contracts with the United States
5 Government and any department, agency, or officer
6 thereof having procurement powers obligating the Ad-
7 ministration to furnish articles, equipment, supplies, or
8 materials to the Government;

9 “(C) to arrange for the performance of such con-
10 tracts by letting subcontracts to small-business concerns
11 or others for the manufacture, supply, or assembly of
12 such articles, equipment, supplies, or materials, or parts
13 thereof, or servicing or processing in connection there-
14 with, or such management services as may be necessary
15 to enable the Administration to perform such contracts;
16 and

17 “(D) to provide technical and managerial aids to
18 small-business concerns, by maintaining a clearinghouse
19 for technical information, by cooperating with other
20 Government agencies, by disseminating information, and
21 by such other activities as are deemed appropriate by
22 the Administration.

23 “(2) In any case in which the Administration certifies
24 to any officer of the Government having procurement powers
25 that the Administration is competent to perform any spe-

1 cific Government procurement contract to be let by any
2 such officers, such officer shall be authorized to let such
3 procurement contract to the Administration upon such terms
4 and conditions as may be agreed upon between the Ad-
5 ministration and the procurement officer.

6 “(c) (1) Whoever makes any statement knowing it
7 to be false, or whoever willfully overvalues any security,
8 for the purpose of obtaining for himself or for any applicant
9 any loan, or extension thereof by renewal, deferment of
10 action, or otherwise, or the acceptance, release, or substitu-
11 tion of security therefor, or for the purpose of influencing in
12 any way the action of the Administration, or for the purpose
13 of obtaining money, property, or anything of value, under
14 this section, shall be punished by a fine of not more than
15 \$5,000 or by imprisonment for not more than two years, or
16 both.

17 “(2) Whoever, being connected in any capacity with
18 the Administration (A) embezzles, abstracts, purloins, or
19 willfully misapplies any moneys, funds, securities, or other
20 things of value, whether belonging to it or pledged or other-
21 wise entrusted to it, or (B) with intent to defraud the
22 Administration or any other body politic or corporate, or
23 any individual, or to deceive any officer, auditor, or examiner
24 of the Administration makes any false entry in any book,
25 report, or statement of or to the Administration, or, without

1 being duly authorized, draws any order or issues, puts forth,
2 or assigns any note, debenture, bond, or other obligation,
3 or draft, bill of exchange, mortgage, judgment, or decree
4 thereof, or (C) with intent to defraud participates, shares,
5 receives directly or indirectly any money, profit, property,
6 or benefit through any transaction, loan, commission, con-
7 tract, or any other act of the Administration, or (D) gives
8 any unauthorized information concerning any future action
9 or plan of the Administration which might affect the value
10 of securities, or, having such knowledge, invests or speculates,
11 directly or indirectly, in the securities or property of any
12 company or corporation receiving loans or other assistance
13 from the Administration shall be punished by a fine of not
14 more than \$10,000 or by imprisonment for not more than
15 five years, or both.

16 “(d) (1) It shall be the duty of the Administration
17 and it is hereby empowered, to coordinate and to ascertain
18 the means by which the productive capacity of small-business
19 concerns can be most effectively utilized for national defense
20 and essential civilian production.

21 “(2) It shall be the duty of the Administration and it
22 is hereby empowered, to consult and cooperate with appro-
23 priate governmental agencies in the issuance of all orders
24 limiting or expanding production by, or in the formulation
25 of policy in granting priorities to, business concerns. All

1 such governmental agencies are required, before issuing such
2 orders or announcing such priority policies, to consult with
3 the Administration in order that small-business concerns will
4 be most effectively utilized in the production of articles,
5 equipment, supplies and materials for national defense and
6 essential civilian purposes.

7 “(e) The Administration shall have power, and it is
8 hereby directed, whenever it determines such action is
9 necessary—

10 “(1) to make a complete inventory of all produc-
11 tive facilities of small-business concerns which can be
12 used for defense and essential civilian production or to
13 arrange for such inventory to be made by any other
14 governmental agency which has the facilities. In mak-
15 ing any such inventory, the appropriate agencies in the
16 several States shall be requested to furnish an inventory
17 of the productive facilities of small-business concerns in
18 each respective State if such an inventory is available
19 or in prospect;

20 “(2) to consult and cooperate with officers of the
21 Government having procurement powers, in order to
22 utilize the potential productive capacity of plants oper-
23 ated by small-business concerns;

24 “(3) to obtain information as to methods and prac-
25 tices which Government prime contractors utilize in

1 letting subcontracts and to take action to encourage the
2 letting of subcontracts by prime contractors to small-
3 business concerns at prices and on conditions and terms
4 which are fair and equitable;

5 “(4) to take such action, authorized under this
6 section, as is necessary to provide small-business con-
7 cerns with an adequate incentive, excluding subsidies,
8 to engage in defense and essential civilian production and
9 to facilitate the conversion and equipping of plants of
10 small-business concerns for such production;

11 “(5) to determine within any industry the con-
12 cerns, firms, persons, corporations, partnerships, coopera-
13 tives, or other business enterprises, which are to be
14 designated ‘small-business concerns’ for the purpose of
15 effectuating the provisions of this section;

16 “(6) to certify to Government procurement officers
17 with respect to the competency, as to capacity and
18 credit, of any small-business concern or group of such
19 concerns to perform a specific Government procurement
20 contract;

21 “(7) to obtain from any Federal department, estab-
22 lishment, or agency engaged in defense procurement or
23 in the financing of defense procurement or production
24 such reports concerning the letting of contracts and sub-
25 contracts and making of loans to business concerns as

1 it may deem pertinent in carrying out its functions under
2 this Act;

3 “(8) to obtain from suppliers of materials infor-
4 mation pertaining to the method of filling orders and the
5 bases for allocating their supply, whenever it appears
6 that any small business is unable to obtain materials for
7 defense or essential civilian production from its normal
8 sources;

9 “(9) to make studies and recommendations to the
10 appropriate Federal agencies to insure a fair and equi-
11 table share of materials, supplies, and equipment to small-
12 business concerns to effectuate the defense program or for
13 essential civilian purposes; and

14 “(10) to consult and cooperate with all Govern-
15 ment agencies for the purpose of insuring that small-
16 business concerns shall receive fair and reasonable treat-
17 ment from said agencies.

18 “(11) to establish such advisory boards and com-
19 mittees wholly representative of small business as may
20 be found necessary to achieve the purposes of this section.

21 “(f) (1) The Congress has as its policy that a fair pro-
22 portion of the total purchases and contracts for supplies and
23 services for the Government shall be placed with small-busi-
24 ness concerns. To effectuate such policy, small-business con-
25 cerns within the meaning of this section shall receive any

1 award or contract or any part thereof as to which it is deter-
2 mined by the Administration and the contracting procure-
3 ment agencies (A) to be in the interest of mobilizing the
4 Nation's full productive capacity, or (B) to be in the interest
5 of the national defense program, to make such award or let
6 such contract to a small-business concern.

7 “(2) Whenever materials or supplies are allocated by
8 law, a fair and equitable percentage thereof shall be made
9 available to the Administration, to be allocated by it to
10 small plants unable to obtain the necessary materials or
11 supplies from usual sources. Such percentage shall be de-
12 termined by the head of the lawful allocating authority
13 after giving full consideration to the claims presented by
14 the Administration.

15 “(3) Whenever the President invokes the powers given
16 him in this Act to allocate, or approve agreements allocating,
17 any material, to an extent which the President finds will
18 result in a significant dislocation of the normal distribution in
19 the civilian market, he shall do so in such a manner as
20 to make available, so far as practicable, for business and
21 various segments thereof in the normal channel of distribution
22 of such material, a fair share of the available civilian supply
23 based, so far as practicable, on the share received by such
24 business under normal conditions during a representative
25 period preceding June 24, 1950: *Provided*, That the limita-

1 tions and restrictions imposed on the production of specific
2 items should give due consideration to the needs of new
3 concerns.

4 “(g) The Administration shall make a report every
5 ninety days of operations under this title to the President,
6 the President of the Senate, and the Speaker of the House
7 of Representatives. Such report shall include the names
8 of the business concerns to whom contracts are let, and for
9 whom financing is arranged, by the Administration, to-
10 gether with the amounts involved, and such report shall
11 include such other information, and such comments and
12 recommendations, with respect to the relation of small-
13 business concerns to the defense effort, as the Administration
14 may deem appropriate.

15 “(h) The Administration is hereby empowered to make
16 studies of the effect of price, credit, and other controls im-
17 posed under the defense program and whenever it finds that
18 these controls discriminate against or impose undue hardship
19 upon small business, to make recommendations to the appro-
20 priate Federal agency for the adjustment of controls to the
21 needs of small business.

22 “(i) The Reconstruction Finance Corporation is author-
23 ized to make loans and advances upon the recommendation
24 of the Small Defense Plants Administration as provided in
25 (b) (1) (A) of this section not to exceed an aggregate

1 of \$100,000,000 outstanding at any one time, on such terms
2 and conditions and with such maturities as Reconstruction
3 Finance Corporation may determine.

4 “(j) The President may transfer to the Administration
5 any functions, powers, and duties of any department or
6 agency which relates primarily to small-business problems.

7 “(k) No loan shall be recommended or equipment,
8 facilities, or services furnished by the Administration under
9 this section to any business enterprise unless the owners,
10 partners or officers of such business enterprise (1) certify
11 to the Administration the names of any attorneys, agents,
12 or other persons engaged by or on behalf of such business
13 enterprise for the purpose of expediting applications made to
14 the Administration for the assistance of any sort, and the
15 fees paid or to be paid to any such persons, and (2) exe-
16 cute an agreement binding any such business enterprise for
17 a period of two years after any assistance is rendered by the
18 Administration to such business enterprise, to refrain from
19 employing, tendering any office or employment to, or re-
20 taining for professional services, any person who, on the date
21 such assistance or any part thereof was rendered, or within
22 one year prior thereto, shall have served as an officer, at-
23 torney, agent or employee of the Administration occupying
24 a position or engaging in activities which the Administra-

1 tion shall have determined involve discretion with respect
2 to the granting of assistance under this section.

3 “(l) In administering this Act, such exemptions shall
4 be provided for small-business enterprises as may be feasible
5 without impeding the accomplishment of this Act.

6 “(m) In administering this Act, special provision shall
7 be made for the expeditious handling of all requests, appli-
8 cations, or appeals from small-business enterprises.

9 “(n) Such business advisory committees shall be ap-
10 pointed as shall be appropriate for purposes of consultation
11 in the formulation of rules, regulations, or orders, or amend-
12 ments thereto issued under authority of this Act, and in their
13 formation there shall be fair representation for independent
14 small-, for medium-, and for large-business enterprises, for
15 different geographical areas, for trade association members
16 and nonmembers, and for different segments of the industry.

17 “(o) To the fullest extent the Administration deems
18 practicable, it shall make a fair charge for the use of Gov-
19 ernment-owned property and make and let contracts on a
20 basis that will result in a recovery of the direct costs incurred
21 by the Administration.

22 “(p) There are hereby authorized to be appropriated
23 such sums as may be necessary and appropriate for the
24 carrying out of the provisions and purposes of this section.”

STATE REPRESENTATION IN REGIONAL OFFICES

SEC. 9. Section 703 (b) of the Defense Production Act of 1950 is amended by adding at the end thereof the following: "There shall be included among the policy-making officers of each regional office administering the authority conferred by title IV of this Act a resident of each State served by such office whose governor requests such representation."

EXTENSION OF THE HOUSING AND RENT ACT OF 1947

SEC. 10. (a) Section 204 (f) of the Housing and Rent Act of 1947, as amended, is amended by striking out "June 30, 1951" and inserting in lieu thereof "February 29, 1952".

(b) (1) The Housing and Rent Act of 1947, as amended, is amended by striking out "Housing Expediter" wherever it appears therein and inserting in lieu thereof "President".

(2) Section 204 (a) of the Housing and Rent Act of 1947, as amended, is repealed.

(3) Section 206 (e) of the Housing and Rent Act of 1947, as amended, is amended by striking out "The principal office of the Housing Expediter shall be in the District of Columbia, but he or any duly authorized representative may exercise any or all of his powers in any place and attorneys" and inserting in lieu thereof "Attorneys".

1 (4) Section 208 (a) of the Housing and Rent Act of
2 1947, as amended, is amended to read as follows:

3 “(a) The President shall administer the powers, duties,
4 and functions conferred upon him by this Act through the
5 new independent agency created pursuant to section 403 of
6 the Defense Production Act of 1950. The President may
7 provide for the transfer to such new agency of any of the
8 functions, records, property, personnel, and unexpended bal-
9 ances of appropriations, allocations, and other funds of the
10 Office of the Housing Expediter. Any employees of the
11 Office of the Housing Expediter not so transferred shall, un-
12 less transferred to other positions in the Government, be
13 separated from the service. The President shall make such
14 provisions as he shall deem appropriate for the termination
15 and liquidation of the affairs of the Office of the Housing
16 Expediter and until such action is taken by the President,
17 the Office of the Housing Expediter shall be continued. For
18 the purposes of determining the status of employees trans-
19 ferred to such new agency as provided in this section, they
20 shall be deemed to be transferred in connection with a trans-
21 fer of functions.”

22 (c) Section 204 of the Housing and Rent Act of 1947,
23 as amended, is amended by adding at the end thereof the
24 following:

25 “(k) The President shall by regulation or order estab-

lish such maximum rent or maximum rents as in his judgment will be fair and equitable for any housing accommodations (1) in any State which by law declares that there exists such a shortage in rental housing accommodations as to require Federal rent control in such State, or (2) in any incorporated city, town, village, or in the unincorporated area of any county (other than a city, town, village, or unincorporated area within a State which is controlling rents) upon receipt of a resolution of its governing body adopted for that purpose in accordance with applicable local law and based upon a finding by such governing body, reached as a result of a public hearing held after ten days' notice, that there exists such a shortage in rental housing accommodations as to require Federal rent control in such city, town, village, or unincorporated area in such county. In establishing any maximum rent for any housing accommodations under this subsection the President shall give due consideration to the rents prevailing for such housing accommodations or comparable housing accommodations during the period from May 24, 1950, to June 24, 1950, and he shall make adjustment for such relevant factors as he shall determine and deem to be of general applicability in respect to such accommodations, including increases or decreases in property taxes and other costs within such State, incorporated city, town, or village, or unincorporated area.

1 “(1) Whenever the Secretary of Defense and the Di-
2 rector of Defense Mobilization, acting jointly, shall deter-
3 mine and certify to the President that any area (whether
4 then or ever controlled or decontrolled under this Act) is
5 a critical defense housing area, the President shall by regu-
6 lation or order establish such maximum rent or maximum
7 rents for any housing accommodations, not then subject to
8 rent control, in such area or portion thereof as in his judg-
9 ment will be fair and equitable. Notwithstanding the pro-
10 visions of section 202 (c) the term ‘controlled housing
11 accommodations’ as applied to any such critical defense
12 housing area shall include all housing accommodations in the
13 area, without exception. In establishing any maximum rent
14 for any housing accommodations under this subsection, the
15 President shall give due consideration to the rents prevailing
16 for such housing accommodations or comparable housing ac-
17 commodations during the period from May 24, 1950, to
18 June 24, 1950, and he shall make adjustment for such rele-
19 vant factors as he shall determine and deem to be of general
20 applicability in respect to such accommodations, including
21 increases or decreases in property taxes and other costs
22 within such area. Maximum rents in any critical defense
23 housing area shall be terminated at such time as the Secretary
24 of Defense and the Director of Defense Mobilization, acting
25 jointly, shall determine and certify to the President that such

1 area is no longer a critical defense housing area, or as pro-
2 vided in subsection (e) or (j) of this section: *Provided,*
3 *however,* That in any area where maximum rents are removed
4 under the procedures provided in subsection (e) or (j) of
5 this section, maximum rents may be reestablished after the
6 expiration of thirty days on the determination and certifica-
7 tion of the Secretary of Defense and the Director of Defense
8 Mobilization, acting jointly. For the purpose of this subsec-
9 tion a critical defense housing area shall be any area in
10 which the following conditions exist:

11 “(1) a new defense plant or installation has been
12 or is to be provided, or an existing defense plant or
13 installation has been or is to be reactivated or its opera-
14 tion substantially expanded;

15 “(2) substantial in-migration of defense workers
16 or military personnel is required to carry out activi-
17 ties at such plant or installation; and

18 “(3) a substantial shortage of housing required for
19 such defense workers or military personnel exists or
20 impends which impedes or threatens to impede activi-
21 ties of such defense plant or installation.

22 “(m) Whenever an area has been certified under sub-
23 section (l) to be a critical defense housing area real-estate
24 construction credit controls imposed under title VI of the
25 Defense Production Act of 1950 shall be relaxed to the

1 extent necessary to encourage construction of housing for
2 defense workers and military personnel. The fact that any
3 area has been certified as a critical defense housing area
4 under subsection (1) shall not make such area ineligible
5 for the location of additional defense plants, facilities, or
6 installations, or as a source of additional military procure-
7 ment of any sort.

8 “(n) No maximum rents shall be established under sub-
9 section (1) for housing accommodations in any State where
10 rent control is in effect or in any locality where local rent
11 control is in effect, unless the rent component of the Con-
12 sumers’ Index of the Bureau of Labor Statistics for such
13 State or locality has increased more than the United States
14 average of the rent component of such index during the last
15 six months for which such index is available immediately pre-
16 ceding the establishment of such maximum rents. The rent
17 component of the Consumers’ Index of the Bureau of Labor
18 Statistics for any State shall be the average, weighted by
19 population as determined by the Bureau of Labor Statistics,
20 for all reported cities in the State, except that, where only one
21 city is reported, the rent component for the State shall be
22 the rent component for that city. Upon the establishment
23 of maximum rents pursuant to subsection (1) for housing
24 accommodations in a State in which State rent control is in
25 effect, State rent control shall thereupon terminate. Upon

1 the establishment of maximum rents pursuant to subsection
2 (1) for housing accommodations in a locality in which local
3 rent control is in effect, local rent control shall thereupon
4 terminate. The rent component for any locality subject to
5 local rent control shall be the rent component as established
6 by the Bureau of Labor Statistics for that locality. Where
7 data concerning rents have not been heretofore collected for
8 a city in a State having State rent control or for a particular
9 locality which has local rent control, the President may cause
10 a survey to be made by the Bureau of Labor Statistics for the
11 purpose of establishing a rent component for that State or
12 locality. For the purposes of this subsection, State rent con-
13 trol shall be deemed in effect in any State in which maximum
14 rents are controlled pursuant to State law throughout the
15 State, regardless of whether maximum rents are actually in
16 effect in every locality of the State.

17 “(o) In order to compensate for increases which have
18 occurred in costs and prices, the maximum rent in effect
19 on the date of enactment of this subsection for any housing
20 accommodations shall, upon sworn application, be in-
21 creased to 120 per centum of the following: The maxi-
22 mum rent for the housing accommodations (or comparable
23 housing accommodations) in effect on June 30, 1947, plus
24 the amount of any increase allowed or allowable under this
25 Act for major capital improvements or for increases in living

1 space, services, furniture, furnishings, or equipment, and
2 minus any decrease required or requirable under this Act
3 for decreases in living space, services, furniture, furnish-
4 ings, or equipment, or for substantial deterioration or failure
5 to perform ordinary repair, replacement, or maintenance.
6 Any increase in a maximum rent applied for under this
7 subsection which is based upon the maximum rent in effect on
8 June 30, 1947, for the particular housing accommodations
9 and upon increases and decreases actually allowed under this
10 Act shall be effective upon the filing of the application.
11 Nothing in this subsection shall require the reduction of any
12 maximum rent, nor prevent such additional adjustment for
13 increases in costs and prices as the President may deem
14 appropriate."

15 (d) Section 205 of the Housing and Rent Act of 1947,
16 as amended, is amended to read as follows:

17 "SEC. 205. (a) Any person who demands, accepts, re-
18 ceives, or retains any payment of rent in excess of the maxi-
19 mum rent prescribed under the provisions of this Act, or any
20 regulation, order, or requirement thereunder, shall be liable to
21 the person from whom such payment is demanded, accepted,
22 received, or retained (or shall be liable to the United States
23 as hereinafter provided) for reasonable attorney's fees and
24 costs as determined by the court, plus liquidated damages in
25 the amounts of (1) \$50, or (2) not more than three times

1 the amount by which the payment or payments demanded,
2 accepted, received, or retained exceed the maximum rent
3 which could lawfully be demanded, accepted, received, or re-
4 tained, as the court in its discretion may determine, which-
5 ever in either case may be the greater amount: *Provided*,
6 That the amount of such liquidated damages shall be the
7 amount of the overcharge or overcharges if the defendant
8 proves that the violation was neither willful nor the result
9 of failure to take practicable precautions against the occur-
10 rence of the violation.

11 “(b) Any person who unlawfully evicts a tenant shall
12 be liable to the person so evicted (or shall be liable to the
13 United States as hereinafter provided) for reasonable at-
14 torney’s fees and costs as determined by the court, plus
15 liquidated damages in the amounts of (1) one month’s rent
16 or \$50, whichever is greater, or (2) not more than three
17 times such monthly rent, or \$150, whichever is greater:
18 *Provided*, That the amount of such liquidated damages shall
19 be the amount of one month’s rent or \$50, whichever is
20 greater, if the defendant proves that the violation was neither
21 willful nor the result of failure to take practicable pre-
22 cautions against the occurrence of the violation.

23 “(c) Suit to recover liquidated damages as provided in
24 this section may be brought in any Federal court of compe-
25 tent jurisdiction regardless of the amount involved, or in any

1 State or Territorial court of competent jurisdiction, within
2 one year, after the date of violation: *Provided*, That if the
3 person from whom such payment is demanded, accepted, re-
4 ceived, or retained, or the person wrongfully evicted, either
5 fails to institute an action under this section within thirty
6 days from the date of the occurrence of the violation or is
7 not entitled for any reason to bring the action, the United
8 States may settle the claim arising out of the violation or
9 within one year after the date of violation may institute such
10 action. If such claim is settled or such action is instituted,
11 the person from whom such payment is demanded, accepted,
12 received, or retained, or the person wrongfully evicted, shall
13 thereafter be barred from bringing an action for the same
14 violation or violations. For the purpose of determining the
15 amount of liquidated damages to be awarded to the plaintiff
16 in an action brought under subsection (a) of this section,
17 all violations alleged in an action under said subsection (a)
18 which were committed by the defendant with respect to the
19 plaintiff prior to the bringing of such an action shall be deemed
20 to constitute one violation and, in such action under subsection
21 (a) of this section, the amount demanded, accepted, received,
22 or retained in connection with such one violation shall be
23 deemed to be the aggregate amount demanded, accepted, re-
24 ceived, or retained in connection with all such violations.
25 A judgment for damages or on the merits in any action under

1 either subsection (a) or (b) of this section shall be a bar to
2 any recovery under the same subsection of this section in any
3 other action against the same defendant on account of any
4 violation with respect to the same person prior to the institu-
5 tion of the action in which such judgment was rendered."

6 (e) Section 206 (a) of the Housing and Rent Act of
7 1947, as amended, is amended to read as follows:

8 "(a) (1) It shall be unlawful for any person to de-
9 mand, accept, receive, or retain any rent for the use or
10 occupancy of any controlled housing accommodations in
11 excess of the maximum rent prescribed under this Act, or
12 otherwise to do or omit to do any act, in violation of this
13 Act, or of any regulation or order or requirement under
14 this Act, or to offer, solicit, attempt, or agree to do any
15 of the foregoing.

16 "(2) It shall be unlawful for any person to evict,
17 remove, or exclude, or cause to be evicted, removed, or ex-
18 cluded, any tenant from any controlled housing accommo-
19 dations in any manner or upon any grounds except as
20 authorized or permitted by the provisions of this Act or
21 any regulation, order, or requirement thereunder, and any
22 person who lawfully gains possession from a tenant of any
23 controlled housing accommodations, and thereafter fails
24 fully to comply with such requirements or conditions as
25 may have been imposed for such possession by the provi-

1 sions of this Act or any regulation, order, or requirement
2 thereunder, shall also be deemed to have unlawfully evicted
3 such tenant and shall be liable to such tenant, or to the
4 United States, as provided in this Act.”

5 (f) (1) Section 202 (a) of the Housing and Rent Act
6 of 1947, as amended, is amended to read as follows:

7 “(a) The word ‘person’ includes an individual, corpora-
8 tion, partnership, association, or any other organized group of
9 persons, or legal successor or representative of the foregoing,
10 and includes the United States or any agency thereof, or any
11 other government, or any of its political subdivisions, or any
12 agency of any of the foregoing: *Provided*, That no punish-
13 ment provided by this Act shall apply to the United States,
14 or to any such government, political subdivision, or govern-
15 ment agency.”

16 (2) The first sentence of section 202 (c) (1) (A) of
17 the Housing and Rent Act of 1947, as amended, is amended
18 by striking out the following: “which is located in a city of
19 less than two million five hundred thousand population ac-
20 cording to the 1940 decennial census and”.

21 (3) Section 202 (c) (1) (B) of the Housing and Rent
22 Act of 1947, as amended, is repealed.

23 (4) The proviso in section 204 (h) of the Housing and
24 Rent Act of 1947, as amended, is repealed.

25 (5) Section 202 (d) of the Housing and Rent Act of

1 1947, as amended, is amended by inserting after "204 (i) .
2 (1) or (2)" the following: ", 204 (k), or 204 (l)".

3 (g) The first sentence of section 204 (b) (1) of the
4 Housing and Rent Act of 1947, as amended, is amended by
5 striking out "(h) and (i)" and inserting in lieu thereof
6 "(h), (i), (k), (l), and (o)".

7 (h) Nothing in this Act or in the Housing and Rent
8 Act of 1947, as amended, shall be construed to require any
9 person to offer any housing accommodations for rent.

10 (i) (1) The last sentence of section 4 (c) of the Hous-
11 ing and Rent Act of 1947, as amended, is amended by in-
12 serting after the word "section" the following: "for persons
13 engaged in national defense activities and".

14 (2) Section 4 (e) of the Housing and Rent Act of
15 1947, as amended, is amended by striking out "June 30,
16 1951" and inserting in lieu thereof "February 29, 1952".

17 (j) Section 215 of the Independent Offices Appropria-
18 tion Act, 1946 (59 Stat. 134), and section 213 of the
19 Independent Offices Appropriation Act, 1947 (60 Stat. 81),
20 are hereby repealed.

21 SEC. 11. Nothing contained in this title shall be construed
22 to modify, repeal, supersede, or affect the provisions of either
23 (1) the Agricultural Act of 1949, or (2) the Agricultural
24 Marketing Agreement Act of 1937, as amended, or to
25 invalidate any marketing agreement, license, or order, or

1 any provision thereof or amendment thereto, heretofore or
2 hereafter made or issued under the provisions of the Agri-
3 cultural Marketing Agreement Act of 1937, as amended.

4 TITLE II—CRITICAL DEFENSE HOUSING AREAS,
5 PROCEDURES FOR EXERCISE OF AUTHORITY,
6 AND EXPIRATION DATE

7 SEC. 201. (a) Notwithstanding any other provisions of
8 this Act, the authority contained in titles III, IV, or V
9 of this Act shall not be exercised in any area unless the
10 President shall have determined that such area is a critical
11 defense housing area.

12 (b) No area shall be determined to be a critical defense
13 housing area pursuant to this section unless the President
14 finds that in such area the following conditions exist:

15 (1) a new defense plant or installation has been
16 or is to be provided, or an existing defense plant or
17 installation has been or is to be reactivated or its opera-
18 tion substantially expanded;

19 (2) substantial in-migration of defense workers or
20 military personnel is required to carry out activities at
21 such plant or installation; and

22 (3) a substantial shortage of housing required for
23 such defense workers or military personnel exists or
24 impends which impedes or threatens to impede activities
25 at such defense plant or installation, or that community

1 facilities or services required for such defense workers
2 or military personnel are not available or are insufficient,
3 or both, as the case may be.

4 SEC. 202. In order to assure that private enterprise
5 shall be afforded full opportunity to provide the defense
6 housing needed wherever possible, in any area which the
7 President, pursuant to the authority contained in section 201
8 hereof, has declared to be a critical defense housing area—

9 (a) first, the number of permanent dwelling units
10 (including information as to types, rentals, and general
11 locations) needed for defense workers and military per-
12 sonnel in such critical defense housing area shall be
13 publicly announced by the Housing and Home Finance
14 Administrator;

15 (b) second, residential credit restrictions under the
16 Defense Production Act of 1950 shall be relaxed in such
17 manner and to such extent as the President determines
18 to be appropriate and necessary to obtain the production
19 of housing needed in such area for defense workers or
20 military personnel;

21 (c) third, the mortgage insurance aids provided
22 under title III of this Act shall be made available to
23 obtain the production of housing needed in such area for
24 defense workers or military personnel; and

1 (d) fourth, no permanent housing shall be con-
2 structed by the Federal Government under the provisions
3 of title IV hereof except to the extent that private
4 builders or eligible mortgagees have not, within a period
5 of not less than ninety days (as the Housing and Home
6 Finance Administrator shall specify) following public
7 announcement of the availability of such mortgage insur-
8 ance aids under title III of this Act, indicated through
9 bona fide applications (which are eligible for approval)
10 for exceptions from such residential credit restrictions or
11 for mortgage insurance or guaranty that they will pro-
12 vide the housing determined to be needed in such area
13 for defense workers and military personnel and publicly
14 announced as provided by subsection (a) of this section.

15 SEC. 203. In order to assure that community facilities
16 or services required in connection with national defense
17 activities shall, wherever possible, be provided by the appro-
18 priate local agencies with local funds, in any area which the
19 President, pursuant to the authority contained in section 201
20 hereof, has declared to be a critical defense housing area—

21 (a) no loan shall be made pursuant to title IV of
22 this Act for the provision of community facilities or
23 equipment therefor required in connection with national
24 defense activities in such area unless the chief executive
25 officer of the appropriate political subdivision certifies,

1 and the Housing and Home Finance Administrator
2 finds, that such facilities or equipment could not other-
3 wise be provided when needed;

4 (b) no grant or other payment shall be made pur-
5 suant to title IV of this Act for the provision, or for
6 the operation and maintenance, of community facilities
7 or equipment therefor, or for the provision of community
8 services, required in connection with national defense ac-
9 tivities in such area unless the chief executive officer of
10 the appropriate political subdivision certifies, and the
11 Housing and Home Finance Administrator finds, that
12 such community facilities or services cannot otherwise be
13 provided when needed, or operated and maintained, as
14 the case may be, without the imposition of an increased
15 excessive tax burden or an unusual or excessive increase
16 in the debt limit of the appropriate local agency; and

17 (c) no community facilities or services shall be pro-
18 vided, and no community facilities shall be maintained
19 and operated, by the United States directly except where
20 the appropriate local agency is demonstrably unable to
21 provide such facilities and services, or to maintain or
22 operate such community facilities and services ade-
23 quately with its own personnel, with loans, grants, or
24 payments authorized to be made pursuant to title IV
25 hereof.

1 For the purposes of this section, the term “chief executive
2 officer of the appropriate political subdivision” shall mean
3 appropriate principal executive officer or governing body
4 having primary responsibility with respect to the community
5 facility or service involved.

6 SEC. 204. After June 30, 1953, (a) no mortgage may
7 be insured under title IX of the National Housing Act, as
8 amended (except (i), pursuant to a commitment to insure
9 issued on or before such date, or (ii) a mortgage given to
10 refinance an existing mortgage insured under that title and
11 which does not exceed the original principal amount and
12 unexpired term of such existing mortgage), (b) no agree-
13 ment may be made to extend assistance for the provision of
14 community facilities or services under title IV of this Act,
15 and no construction of housing or community facilities by
16 the Housing and Home Finance Administrator may be be-
17 gun under such title, (c) no land may be acquired by the
18 Housing and Home Finance Administrator under title V
19 of this Act, and (d) no loan may be made or obligations
20 purchased by the Housing and Home Finance Administrator
21 under section 102a of the Housing Act of 1948, as amended
22 (except pursuant to a commitment issued on or before June
23 30, 1953, or to refinance an existing loan or existing obliga-
24 tions held under such section by said Administrator on June
25 30, 1953).

1 TITLE III—MORTGAGE INSURANCE FOR
2 DEFENSE HOUSING

3 SEC. 301. The National Housing Act, as amended, is
4 amended by the addition of the following title at the end
5 thereof:

6 “TITLE IX—NATIONAL DEFENSE HOUSING
7 INSURANCE

8 “SEC. 901. As used in this title, the terms ‘mortgage’,
9 ‘first mortgage’, ‘mortgagee’, ‘mortgagor’, ‘maturity date’,
10 and ‘State’ shall have the same meaning as in section 201 of
11 this Act.

12 “SEC. 902. There is hereby created a National Defense
13 Housing Insurance Fund which shall be used by the Com-
14 missioner as a revolving fund for carrying out the provisions
15 of this title, and mortgages insured under this title shall be
16 known and referred to as ‘national defense housing insured
17 mortgages’. The Commissioner is hereby authorized and
18 directed to transfer to such fund the sum of \$10,000,000
19 from the War Housing Insurance Fund established pursuant
20 to the provisions of section 602 of this Act. General expenses
21 of operation of the Federal Housing Administration under
22 this title may be charged to the National Defense Housing
23 Insurance Fund: *Provided*, That no moneys in said funds
24 shall be expended for administrative expenses of the Federal
25 Housing Administration under this title except pursuant to

1 such specific authorization therefor as may hereafter be
2 enacted by the Congress.

3 “SEC. 903. (a) This title is designed to supplement
4 systems of mortgage insurance under other provisions of the
5 National Housing Act in order to assist in providing adequate
6 housing in areas which the President, pursuant to section
7 101 of the Defense Housing and Community Facilities and
8 Services Act of 1951, shall have determined to be critical
9 defense housing areas. The Commissioner is authorized,
10 upon application by the mortgagee, to insure under this
11 section or section 908 as hereinafter provided any mortgage
12 which is eligible for insurance as hereinafter provided and
13 upon such terms as the Commissioner may prescribe to
14 make commitments for the insuring of such mortgages prior
15 to the date of their execution or disbursement thereon:
16 *Provided*, That the property covered by the mortgage is in
17 an area which the President, pursuant to section 101 of the
18 Defense Housing and Community Facilities and Services
19 Act of 1951, shall have determined to be a critical defense
20 housing area, and that the total number of dwelling units in
21 properties covered by mortgages insured under this title in
22 any such area does not exceed the number authorized by the
23 Housing and Home Finance Administrator from time to time
24 as needed in such area for defense purposes and to be insured
25 pursuant to this title: *Provided further*, That the aggregate

1 amount of principal obligations of all mortgages insured under
2 this title shall not exceed such sum as may be authorized by
3 the President from time to time for the purposes of this title
4 pursuant to his authority under section 217 hereof: *Provided*
5 *further*, That the Commissioner shall have power to require
6 properties covered by mortgages insured under this title to be
7 held for rental for such periods of time and at such rentals or
8 other charges as he may prescribe; and, with respect to such
9 properties being held for rental, (1) to require that the
10 property be held by a mortgagor approved by him, and
11 (2) to prescribe such requirements as he deems to be reason-
12 able governing the method of operation and prohibiting or
13 restricting sales of such properties or interests therein or
14 agreements relating to such sales: *And provided further*,
15 That no mortgage shall be insured under this title unless the
16 mortgagor certifies under oath that in selecting tenants for
17 any property covered by the mortgage he will not discrimi-
18 nate against any family by reason of the fact that there are
19 children in the family, and that he will not sell the property
20 while the insurance is in effect unless the purchaser so
21 certifies, such certification to be filed with the Commissioner.
22 Violation of any such certification shall be a misdemeanor
23 punishable by a fine of not to exceed \$500.

24 “(b) To be eligible for insurance under this section a
25 mortgage shall—

1 “(1) have been made to, and be held by, a mort-
2 gagee approved by the Commissioner as responsible and
3 able to service the mortgage properly;

4 “(2) involve a principal obligation (including such
5 initial service charges, appraisal, inspection, and other
6 fees as the Commissioner shall approve) in an amount
7 not to exceed 90 per centum of the appraised value (as
8 of the date the mortgage is accepted for insurance) of
9 a property, urban, suburban, or rural, upon which there
10 is located a dwelling designed principally for residential
11 use for not more than two families in the aggregate,
12 which is approved for mortgage insurance prior to the
13 beginning of construction, the construction of which is
14 begun after the date of enactment of this title. The prin-
15 cipal obligation of such mortgage shall not, however,
16 exceed \$8,100 if such dwelling is designed for a single-
17 family residence, or \$15,000 if such dwelling is designed
18 for a two-family residence except that the Commis-
19 sioner may by regulation increase these amounts to not
20 to exceed \$9,000 and \$16,000, respectively, in any geo-
21 graphical area where he finds that cost levels so re-
22 quire: *Provided*, That if the Commissioner finds that
23 it is not feasible within the aforesaid dollar amount
24 limitations to construct dwellings containing three or
25 four bedrooms per family unit without sacrifice of

1 sound standards of construction, design, and livability,
2 he may increase such dollar amount limitations by not
3 exceeding \$1,080 for each additional bedroom (as de-
4 fined by the Commissioner) in excess of two contained
5 in such family unit if he finds that such unit meets sound
6 standards of livability as a three-bedroom or a four-
7 bedroom unit, as the case may be;

8 “(3) have a maturity satisfactory to the Commis-
9 sioner but not to exceed twenty-five years from the date
10 of the insurance of the mortgage;

11 “(4) contain complete amortization provisions sat-
12 isfactory to the Commissioner;

13 “(5) bear interest (exclusive of premium charges
14 for insurance) at not to exceed $4\frac{1}{2}$ per centum per annum
15 on the amount of the principal obligation outstanding at
16 any time;

17 “(6) provide, in a manner satisfactory to the Com-
18 missioner, for the application of the mortgagor's periodic
19 payments (exclusive of the amount allocated to interest
20 and to the premium charge which is required for mort-
21 gage insurance as herein provided) to amortization of
22 the principal of the mortgage; and

23 “(7) contain such terms and provisions with re-
24 spect to insurance, repairs, alterations, payment of taxes,
25 default reserves, delinquency charges, foreclosure pro-

1 ceedings, anticipation of maturity, additional and sec-
2 ondary liens, and other matters as the Commissioner may
3 in his discretion prescribe.

4 “(c) The Commissioner is authorized to fix a premium
5 charge for the insurance of mortgages under this title but
6 in the case of any mortgage such charge shall not be less
7 than an amount equivalent to one-half of 1 per centum per
8 annum nor more than an amount equivalent to $1\frac{1}{2}$ per
9 centum per annum of the amount of the principal obligation
10 of the mortgage outstanding at any time, without taking into
11 account delinquent payments or prepayments. Such pre-
12 mium charges shall be payable by the mortgagee, either in
13 cash or in debentures issued by the Commissioner under
14 this title at par plus accrued interest, in such manner as may
15 be prescribed by the Commissioner: *Provided*, That the
16 Commissioner may require the payment of one or more
17 such premium charges at the time the mortgage is insured,
18 at such discount rate as he may prescribe not in excess of the
19 interest rate specified in the mortgage. If the Commissioner
20 finds upon the presentation of a mortgage for insurance and
21 the tender of the initial premium charge or charges so re-
22 quired that the mortgage complies with the provisions of
23 this title, such mortgage may be accepted for insurance by
24 endorsement or otherwise as the Commissioner may pre-
25 scribe; but no mortgage shall be accepted for insurance

1 under this title unless the Commissioner finds that the proj-
2 ect with respect to which the mortgage is executed is an ac-
3 ceptable risk in view of the needs of national defense. In
4 the event that the principal obligation of any mortgage ac-
5 cepted for insurance under this title is paid in full prior to
6 the maturity date, the Commissioner is further authorized
7 in his discretion to require the payment by the mortgagee
8 of an adjusted premium charge in such amount as the Com-
9 missioner determines to be equitable, but not in excess of
10 the aggregate amount of the premium charges that the mort-
11 gagee would otherwise have been required to pay if the
12 mortgage had continued to be insured under this title until
13 such maturity date; and in the event that the principal
14 obligation is paid in full as herein set forth the Commissioner
15 is authorized to refund to the mortgagee for the account of
16 the mortgagor all, or such portion as he shall determine to
17 be equitable, of the current unearned premium charges there-
18 tofore paid.

19 “(d) Notwithstanding any other provisions of this or
20 any other Act, except provisions of law enacted hereafter
21 expressly referring to this paragraph (d), the Commissioner,
22 with the approval of the Housing and Home Finance
23 Administrator, is further authorized to prescribe such
24 procedures as are necessary to secure to persons engaged
25 or to be engaged in national defense activities preference

1 or priority of opportunity to purchase or rent properties, or
2 interests therein, covered by mortgages insured under this
3 title.

4 “(e) With respect to any mortgage insured under this
5 section, the mortgagor shall agree (i) to certify under oath,
6 upon completion of the physical improvements on the mort-
7 gaged property or project and prior to final endorsement of
8 the mortgage, either (a) that the amount of the actual cost
9 of said physical improvements (exclusive of the profit of
10 the prime contractor of off-site public utilities and streets and
11 organization and legal expenses) equaled or exceeded the
12 proceeds of the mortgage loan or (b) the amount by which
13 the proceeds of the mortgage loan exceeded the actual cost
14 of said physical improvements (exclusive of the profits of the
15 prime contractor of off-site public utilities and streets and
16 organization and legal expenses), as the case may be, and
17 (ii) to pay, within sixty days after such certification, to
18 the mortgagee, for application to the reduction of the prin-
19 cipal obligation of such mortgage, the amount, if any, so
20 certified to be in excess of such actual cost. Said mortgagor
21 shall require, by contract with each principal contractor,
22 that said contractor will submit for inspection by the Com-
23 missioner, and keep available for a period of two years after
24 date of said contract, records of his actual costs, expenses,
25 and charges, and that said contractor shall submit for inspec-

1 tion by the Commissioner, and keep available for a period
2 of two years after date of said contract, all invoices from
3 subcontractors and architects, and records of actual disburse-
4 ments to said subcontractors and architects. The Commis-
5 sioner shall construe the term 'actual cost' in such a manner
6 as to reduce the same by the amount of all kick-backs,
7 rebates, and normal trade discounts received in connection
8 with the construction of the said physical improvements, and
9 to include only the actual amounts paid for labor and ma-
10 terials and necessary services in connection therewith.

11 " (f) Any contract of insurance heretofore or hereafter
12 executed by the Commissioner under this title shall be con-
13 clusive evidence of the eligibility of the mortgage for insur-
14 ance, and the validity of any contract of insurance so exe-
15 cuted shall be incontestable in the hands of an approved
16 mortgagee from the date of the execution of such contract,
17 except for fraud or misrepresentation on the part of such
18 approved mortgagee.

19 "SEC. 904. (a) In any case in which the mortgagee
20 under a mortgage insured under section 903 shall have fore-
21 closed and taken possession of the mortgaged property, in
22 accordance with regulations of, and within a period to be
23 determined by, the Commissioner, or shall, with the consent
24 of the Commissioner, have otherwise acquired such property
25 from the mortgagor after default, the mortgagee shall be

1 entitled to receive the benefit of the insurance as hereinafter
2 provided, upon (1) the prompt conveyance to the Commis-
3 sioner of title to the property which meets the requirements
4 of rules and regulations of the Commissioner in force at the
5 time the mortgage was insured, and which is evidenced in the
6 manner prescribed by such rules and regulations; and (2) the
7 assignment to him of all claims of the mortgagee against the
8 mortgagor or others, arising out of the mortgage transaction
9 or foreclosure proceedings, except such claims as may have
10 been released with the consent of the Commissioner. Upon
11 such conveyance and assignment the obligation of the mort-
12 gagee to pay the premium charges for insurance shall cease
13 and the Commissioner shall, subject to the cash adjustment
14 hereinafter provided, issue to the mortgagee debentures hav-
15 ing a total face value equal to the value of the mortgage and
16 a certificate of claim, as hereinafter provided. For the pur-
17 poses of this subsection, the value of the mortgage shall be
18 determined, in accordance with rules and regulations pre-
19 scribed by the Commissioner, by adding to the amount of
20 the original principal obligation of the mortgage which was
21 unpaid on the date of the institution of foreclosure proceed-
22 ings, or on the date of the acquisition of the property after
23 default other than by foreclosure, the amount of all payments
24 which have been made by the mortgagee for taxes, ground
25 rents, and water rates, which are liens prior to the mortgage,

1 special assessments which are noted on the application for
2 insurance or which become liens after the insurance of the
3 mortgage, insurance of the mortgaged property, and any
4 mortgage insurance premiums paid after either of such dates
5 and by deducting from such total amount any amount received
6 on account of the mortgage after either of such dates and any
7 amount received as rent or other income from the property,
8 less reasonable expenses incurred in handling the property,
9 after either of such dates: *Provided*, That with respect to
10 mortgages which are foreclosed before there shall have been
11 paid on account of the principal obligation of the mortgage
12 a sum equal to 10 per centum of the appraised value of the
13 property as of the date the mortgage was accepted for insur-
14 ance, there may be included in the debentures issued by the
15 Commissioner, on account of the cost of foreclosure (or of
16 acquiring the property by other means) actually paid by the
17 mortgagee and approved by the Commissioner an amount—

18 “(1) not in excess of 2 per centum of the unpaid
19 principal of the mortgage as of the date of the institution
20 of foreclosure proceedings and not in excess of \$75; or

21 “(2) not in excess of two-thirds of such cost, which-
22 ever is the greater: *And provided further*, That with
23 respect to mortgages to which the provisions of sections
24 302 and 306 of the Soldiers’ and Sailors’ Civil Relief
25 Act of 1940, as now or hereafter amended, apply and

1 which are insured under section 903, and subject to such
2 regulations and conditions as the Commissioner may pre-
3 scribe, there shall be included in the debentures an
4 amount which the Commissioner finds to be sufficient
5 to compensate the mortgagee for any loss which it may
6 have sustained on account of interest on debentures and
7 the payment of insurance premiums by reason of its
8 having postponed the institution of foreclosure proceed-
9 ings or the acquisition of the property by other means
10 during any part or all of the period of such military
11 service and three months thereafter.

12 “(b) The Commissioner may at any time, under such
13 terms and conditions as he may prescribe, consent to the
14 release of the mortgagor from his liability under the mortgage
15 or the credit instrument secured thereby, or consent to the
16 release of parts of the mortgaged property from the lien
17 of the mortgage.

18 “(c) Debentures issued under this title shall be in such
19 form and denominations in multiples of \$50, shall be subject
20 to such terms and conditions, and shall include such pro-
21 visions for redemption, if any, as may be prescribed by the
22 Commissioner with the approval of the Secretary of the
23 Treasury, and may be in coupon or registered form. Any
24 difference between the amount of debentures to which the
25 mortgagee is entitled under this section or section 908 of this

1 Act and the aggregate face value of the debentures issued,
2 not to exceed \$50, shall be adjusted by the payment of cash
3 by the Commissioner to the mortgagee from the National
4 Defense Housing Insurance Fund.

5 “(d) The debentures issued under this section to any
6 mortgagee shall be executed in the name of the National
7 Defense Housing Insurance Fund as obligor, shall be signed
8 by the Commissioner by either his written or engraved signa-
9 ture, and shall be negotiable. All such debentures shall be
10 dated as of the date foreclosure proceedings were instituted,
11 or the property was otherwise acquired by the mortgagee
12 after default, and shall bear interest from such date at a
13 rate determined by the Commissioner, with the approval of
14 the Secretary of the Treasury, at the time the mortgage was
15 accepted for insurance, but not to exceed 3 per centum per
16 annum, payable semiannually on the 1st day of January and
17 the 1st day of July of each year. Such debentures shall
18 mature ten years after the date thereof. Such debentures
19 shall be exempt, both as to principal and interest, from all
20 taxation (except surtaxes, estate, inheritance, or gift taxes)
21 now or hereafter imposed by any Territory, dependency, or
22 possession of the United States, or by the District of Colum-
23 bia, or by any State, county, municipality, or local taxing
24 authority, and shall be paid out of the National Defense

1 Housing Insurance Fund, which shall be primarily liable
2 therefor, and they shall be fully and unconditionally guar-
3 anteed as to principal and interest by the United States,
4 and such guaranty shall be expressed on the face of the
5 debentures. In the event that the National Defense Hous-
6 ing Insurance Fund fails to pay upon demand, when due,
7 the principal of or interest on any debentures issued under
8 this title, the Secretary of the Treasury shall pay to the
9 holders the amount thereof which is hereby authorized to
10 be appropriated, out of any money in the Treasury not other-
11 wise appropriated, and thereupon to the extent of the
12 amount so paid the Secretary of the Treasury shall succeed
13 to all the rights of the holders of such debentures.

14 “(e) The certificate of claim issued by the Commis-
15 sioner to any mortgagee under this section shall be for an
16 amount determined in accordance with, and shall contain
17 provisions and shall be paid in accordance with, the pro-
18 visions of section 204 (e) and section 204 (f) of this Act
19 which are applicable to mortgages insured under section 207,
20 except that the reference in section 204 (f) to ‘the Housing
21 Insurance Fund’ shall be deemed for the purposes of this
22 section to be a reference to the National Defense Housing
23 Insurance Fund.

24 “(f) Notwithstanding any other provision of law
25 relating to the acquisition, handling, or disposal of real

1 property by the United States, the Commissioner shall have
2 power to deal with, complete, rent, renovate, modernize,
3 insure, make contracts or establish suitable agencies for the
4 management of, or sell for cash or credit, in his discretion,
5 any properties conveyed to him in exchange for debentures
6 and certificates of claim as provided in this section; and,
7 notwithstanding any other provision of law, the Commis-
8 sioner shall also have power to pursue to final collection, by
9 way of compromise or otherwise, all claims against mort-
10 gagors assigned by mortgagees to the Commissioner as pro-
11 vided in this title: *Provided*, That section 3709 of the Revised
12 Statutes shall not be construed to apply to any purchase or
13 contract for services or supplies on account of such property
14 if the amount thereof does not exceed \$1,000. The power
15 to convey and to execute in the name of the Commissioner
16 deeds of conveyances, deeds of release, assignments, and
17 satisfactions of mortgages, and any other written instrument
18 relating to real property or any interest therein heretofore
19 or hereafter acquired by the Commissioner pursuant to the
20 provisions of this Act, may be exercised by the Commissioner
21 or by any Assistant Commissioner appointed by him, with-
22 out the execution of any express delegation of power or
23 power of attorney: *Provided*, That nothing in this subsec-
24 tion shall be construed to prevent the Commissioner from
25 delegating such power by order or by power of attorney

1 in his discretion, to any officer, agent, or employee he may
2 appoint.

3 “(g) No mortgagee or mortgagor shall have, and no
4 certificate of claim shall be construed to give to any mort-
5 gagee or mortgagor, any right or interest in any property
6 conveyed to the Commissioner or in any claim assigned to
7 him; nor shall the Commissioner owe any duty to any mort-
8 gagee or mortgagor with respect to the handling or disposal
9 of any such property or the collection of any such claim.

10 “SEC. 905. (a) Moneys in the National Defense Hous-
11 ing Insurance Fund not needed for the current operations
12 of the Federal Housing Administration under this title shall
13 be deposited with the Treasurer of the United States to the
14 credit of the National Defense Housing Insurance Fund, or
15 invested in bonds or other obligations of, or in bonds or other
16 obligations guaranteed as to principal and interest by, the
17 United States. The Commissioner may, with the approval
18 of the Secretary of the Treasury, purchase in the open
19 market debentures issued under the provisions of this title.
20 Such purchases shall be made at a price which will provide
21 an investment yield of not less than the yield obtainable
22 from other investments authorized by this section. De-
23 bentures so purchased shall be canceled and not reissued.

24 “(b) Premium charges, adjusted premium charges, and
25 appraisal and other fees, received on account of the insur-

1 ance of any mortgage insured under this title, the receipts
2 derived from any such mortgage or claim assigned to the
3 Commissioner and from any property acquired by the Com-
4 missioner, and all earnings on the assets of the National
5 Defense Housing Insurance Fund, shall be credited to the
6 National Defense Housing Insurance Fund. The principal
7 of and interest paid and to be paid on debentures issued in
8 exchange for any mortgage or property insured under this
9 title, cash adjustments, and expenses incurred in the handling
10 of such mortgages or property and in the foreclosure and
11 collection of mortgages and claims assigned to the Commis-
12 sioner under this title, shall be charged to the National
13 Defense Housing Insurance Fund.

14 “SEC. 906. Nothing in this title shall be construed to
15 exempt any real property acquired and held by the Com-
16 missioner under this title from taxation by any State or
17 political subdivision thereof, to the same extent, according
18 to its value, as other real property is taxed.

19 “SEC. 907. The Commissioner is authorized and di-
20 rected to make such rules and regulations as may be neces-
21 sary to carry out the provisions of this title.

22 “SEC. 908. (a) In addition to mortgages insured under
23 section 903 of this title, the Commissioner is authorized to
24 insure mortgages as defined in section 901 of this title.

1 (including advances on such mortgages during construction)
2 which are eligible for insurance as hereinafter provided.

3 “(b) To be eligible for insurance under this section
4 a mortgage shall meet the following conditions:

5 “(1) The mortgaged property shall be held by a
6 mortgagor approved by the Commissioner. The Com-
7 missioner may, in his discretion, require such mortgagor
8 to be regulated or restricted as to rents or sales, charges,
9 capital structure, rate of return, and methods of operation.
10 The Commissioner may make such contracts with, and
11 acquire for not to exceed \$100 stock or interest in any such
12 mortgagor, as the Commissioner may deem necessary to
13 render effective such restriction or regulation. Such stock
14 or interest shall be paid for out of the National Defense
15 Housing Insurance Fund, and shall be redeemed by the
16 mortgagor at par upon the termination of all obligations of
17 the Commissioner under the insurance.

18 “(2) The mortgage shall involve a principal obligation
19 in an amount—

20 “(A) not to exceed \$5,000,000; and

21 “(B) not to exceed 90 per centum of the amount
22 which the Commissioner estimates will be the value of
23 the property or project when the proposed improve-
24 ments are completed: *Provided*, That such mortgage
25 shall not in any event exceed the amount which the

Commissioner estimates will be the cost of the completed physical improvements on the property or project exclusive of off-site public utilities and streets and organization and legal expenses; and

“(C) not to exceed \$8,100 per family unit (or \$7,200 per family unit if the number of rooms in such property or project does not equal or exceed four per family unit) for such part of such property or project as may be attributable to dwelling use: *Provided*, That the Commissioner may by regulation increase such dollar amount limitations by not exceeding \$900 in any geographical area where he finds that cost levels so require.

“(3) The mortgagor shall agree (i) to certify under oath, upon completion of the physical improvements on the mortgaged property or project and prior to final endorsement of the mortgage, either (a) that the amount of the actual cost of said physical improvements (exclusive of the profit of the prime contractor of off-site public utilities and streets and organization and legal expenses) equaled or exceeded the proceeds of the mortgage loan or (b) the amount by which the proceeds of the mortgage loan exceeded the actual cost of said physical improvements (exclusive of the profit of the prime contractor of off-site public utilities and streets and organization and legal expenses), as the case may be, and (ii) to pay, within sixty days after such certification,

1 to the mortgagee, for application to the reduction of the
2 principal obligation of such mortgage, the amount, if any,
3 so certified to be in excess of such actual cost. Said mort-
4 gator shall require, by contract with each principal con-
5 tractor, that said contractor will submit for inspection by
6 the Commissioner, and keep available for a period of two
7 years after date of said contract, records of his actual costs,
8 expenses, and charges, and that said contractor shall further
9 submit for inspection by the Commissioner, and keep avail-
10 able for a period of two years after date of said contract,
11 all invoices from subcontractors and architects, and records
12 of actual disbursements to said subcontractors and architects.
13 The Commissioner shall construe the term 'actual cost' in
14 such a manner as to reduce same by the amount of any
15 kick-backs, rebates, and normal trade discounts received in
16 connection with the construction of the said physical im-
17 provements, and to include only the actual amounts paid
18 for labor and materials and necessary services in connection
19 therewith.

20 "The mortgage shall provide for complete amortization
21 by periodic payments within such term as the Commissioner
22 shall prescribe, and shall bear interest (exclusive of premium
23 charges for insurance) at not to exceed 4 per centum per
24 annum on the amount of the principal obligation outstanding
25 at any time. The Commissioner may consent to the release

1 of a part or parts of the mortgaged property from the lien
2 of the mortgage upon such terms and conditions as he may
3 prescribe and the mortgage may provide for such release.

4 “(c) The mortgagee shall be entitled to receive debentures in connection with mortgages insured under this section in the amount and under the conditions specified in
5 subsection (g) of section 207 of this Act, and the references
6 in said subsection (g) to the cash adjustment provided for
7 in subsection (j) of section 207 and to the certificate of
8 claim provided for in subsection (h) of section 207 shall
9 be deemed to refer respectively to the cash adjustment provided for in subsection (c) of section 904 of this Act and
10 to the certificate of claim provided for in subsection (d) of
11 this section.

12 “(d) The certificate of claim issued by the Commissioner to any mortgagee under this section shall be for an
13 amount determined in accordance with, and shall contain
14 provisions and shall be paid in accordance with, the provisions of section 207 (h) of this Act, except that the reference in section 207 (h) to ‘the Housing Insurance Fund’
15 shall be deemed for the purposes of this section to be a
16 reference to the National Defense Housing Insurance Fund.

17 “(e) Debentures issued under this section shall be issued
18 in accordance with the provisions of section 904 (c) and
19 (d) except that such debentures shall be dated as of the date

1 of default as determined in subsection (c) of this section, and
2 shall bear interest from such date.

3 “(f) The provisions of section 207 (k) and section
4 207 (l) of this Act shall be applicable to mortgages insured
5 under this section and to property acquired by the Commis-
6 sioner hereunder, except that as applied to such mortgages
7 and property (1) all references in such sections 207 (k)
8 and 207 (l) to the ‘Housing Fund’ shall be construed to
9 refer to the National Defense Housing Insurance Fund, and
10 (2) the reference therein to ‘subsection (g)’ shall be con-
11 strued to refer to subsection (c) of this section.

12 “(g) In any case where an application for insurance
13 under section 608 of this Act was received by the Federal
14 Housing Commissioner on or before March 1, 1950, and has
15 not been rejected or committed upon, the mortgagee upon
16 reapplication for insurance of a mortgage under this section
17 908 with respect to the same property shall receive credit
18 for any application fees paid in connection with the prior
19 application: *Provided*, That this subsection shall not consti-
20 tute a waiver of any requirements otherwise applicable to the
21 insurance of mortgages under this section.”

22 SEC. 302. Sections 1 and 5 of the National Housing
23 Act, as amended, are further amended by striking out the
24 words “titles II, III, VI, VII, and VIII” each time they

1 appear and inserting in lieu thereof the words "titles II,
2 III, VI, VII, VIII, and IX".

3 SEC. 303. Section 212 (a) of said Act, as amended, is
4 hereby amended by deleting the words "or under title VIII,
5 a mortgage or investment" and by inserting in lieu thereof
6 the words "or under title VIII, or under section 908 of title
7 IX, a mortgage or investment".

8 SEC. 304. Section 215 of said Act, as amended, is hereby
9 amended by deleting the words "or title VIII" and inserting
10 in lieu thereof the words "title VIII, or title IX".

11 SEC. 305. Section 301 (a) of said Act, as amended, is
12 hereby amended by striking out of paragraph (1) the words
13 "or section 8 of title I of" and inserting in lieu thereof the
14 words "section 8 of title I, or title IX of".

15 SEC. 306. Section 608 of said Act, as amended, is further
16 amended by striking out paragraph (g) thereof and insert-
17 ing in lieu thereof the following:

18 "(g) The Commissioner shall also have power to insure
19 under this title, title I, title II, title VIII, or title IX any
20 mortgage executed in connection with the sale by him of any
21 property acquired under any of such titles without regard to
22 limitations upon eligibility, time, or aggregate amount con-
23 tained therein."

24 SEC. 307. Section 24 of the Federal Reserve Act, as

1 amended, is hereby amended by striking out of the third
2 sentence "or section 8 of title I" and inserting in lieu thereof
3 the words "section 8 of title I, or title IX".

4 SEC. 308. Section 10 of the Federal Home Loan Bank
5 Act, as amended, is further amended by striking out of sub-
6 section (a) (1) the words "or title VIII" and inserting in
7 lieu thereof the words "title VIII, or title IX".

8 TITLE IV—PROVISION OF DEFENSE HOUSING
9 AND COMMUNITY FACILITIES AND SERVICES

10 SEC. 401. Subject to the provisions and limitations of
11 title I hereof and subject to the provisions and limitations of
12 this title, the Housing and Home Finance Administrator
13 (hereinafter referred to as the "Administrator") is author-
14 ized to provide permanent housing in isolated or relatively
15 isolated areas (subject to the provisions of section 201
16 hereof), or to provide temporary housing, needed for defense
17 workers or military personnel or to extend assistance for the
18 provision of, or to provide, temporary housing and com-
19 munity facilities or services required in connection with
20 national defense activities in any area which the President,
21 pursuant to the authority contained in section 201 hereof, has
22 determined to be a critical defense housing area.

23 SEC. 402. (a) To the maximum extent feasible and
24 consistent with other requirements of national defense, any
25 permanent housing constructed pursuant to the authority of

1 this title shall consist of one- to four-family dwelling struc-
2 tures (including row houses) so arranged that they may be
3 offered for separate sale. All housing of permanent con-
4 struction which is constructed or acquired under the author-
5 ity of this title shall be sold as expeditiously as possible and
6 in the public interest taking into consideration the contin-
7 uation of the need for such housing by persons engaged in
8 national defense activities. All dwelling structures of per-
9 manent construction designed for occupancy by not more
10 than four families (including row houses) shall, wherever
11 feasible, be offered for separate sale, and preference in the
12 purchase of any such dwelling structure shall be granted to
13 occupants and to veterans over other prospective purchasers.
14 As among veterans, preference in the purchase of any such
15 dwelling structure shall be given to disabled veterans whose
16 disability has been determined by the Veterans' Administra-
17 tion to be service-connected. All dwelling structures of per-
18 manent construction in any housing project which are de-
19 signed for occupancy by more than four families (and other
20 structures in such project which are not sold separately)
21 shall be sold as an entity. On such sales first preference
22 shall be given for such period not less than ninety days nor
23 more than six months from the date of the initial offering
24 of such project as the Administrator may determine, to
25 groups of veterans organized on a mutual ownership or

1 cooperative basis (provided that any such group shall accept
2 as a member of its organization, on the same terms, subject to
3 the same conditions, and with the same privileges and respon-
4 sibilities, required of, and extended to, other members of the
5 group any tenant occupying a dwelling unit in such project,
6 at any time during such period as the Administrator shall
7 deem appropriate, starting on the date of the announcement
8 by the Administrator of the availability of such project).
9 The Administrator shall provide an equitable method of
10 selecting the purchasers when preferred purchasers (or
11 groups of preferred purchasers) in the same preference
12 class or containing members in the same preference class
13 compete with each other. Sales pursuant to this section
14 shall be for cash or credit, upon such terms as the Adminis-
15 trator shall determine, and at the fair value of the property
16 as determined by him: *Provided*, That full payment to the
17 Government for the property sold shall be required within
18 a period of not exceeding twenty-five years with interest
19 on unpaid balances at not less than 4 per centum per annum.

20 (b) Where it is necessary to provide housing under this
21 title in locations where, in the determination of the Adminis-
22 trator, there appears to be no need for such housing beyond
23 the period during which it is needed for housing persons
24 engaged in national defense activities, the provisions of sec-
25 tion 202 hereof shall not be applicable and temporary housing

1 which is of a mobile or portable character or which is other-
2 wise constructed so as to be available for reuse at other loca-
3 tions shall be provided. All housing constructed pursuant
4 to the authority contained in this title which is of a tem-
5 porary character, as determined by the Administrator, shall
6 be disposed of by the Administrator not later than the date,
7 and subject to the conditions and requirements, hereafter
8 prescribed by the Congress: *Provided*, That nothing in this
9 sentence shall be construed as prohibiting the Adminis-
10 trator from removing any such housing by demolition or
11 otherwise prior to the enactment of such legislation.

12 (c) When the Administrator determines that any hous-
13 ing provided under this title is no longer required for persons
14 engaged in national defense activities, preference in ad-
15 mission to occupancy thereof shall be given to veterans
16 pending its ultimate sale or disposition in accordance with
17 the provisions of this title. As among veterans, preference in
18 admission to occupancy shall be given to disabled veterans
19 whose disability has been determined by the Veterans' Ad-
20 ministration to be service-connected.

21 SEC. 403. The cost per family dwelling unit for any
22 housing project constructed under the authority of this title
23 shall not exceed an average of \$9,000 for two-bedroom units
24 in such project, \$10,000 for three-bedroom units in such
25 project, and \$11,000 for four-bedroom units in such project:

1 *Provided*, That the Administrator may increase any such
2 dollar limitation by not exceeding \$1,000 in any geograph-
3 ical area where he finds that cost levels so require: *Provided*
4 *further*, That in the Territories and possessions of the United
5 States the Administrator may increase any such dollar
6 limitation by 50 per centum: *And provided further*, That
7 for the purposes of this section the cost of any land acquired
8 by the Administrator upon the filing of a declaration of
9 taking in proceedings for the condemnation of fee title shall
10 be considered to be the amount determined by the Admin-
11 istrator, upon the basis of competent appraisal, to be the
12 value thereof.

13 SEC. 404. In furtherance of the purposes of this title
14 and subject to the provisions hereof, the Administrator may
15 make loans or grants, or other payments, to public and non-
16 profit agencies for the provision, or for the operation and
17 maintenance, of community facilities and equipment therefor,
18 or for the provision of community services, upon such terms
19 and in such amounts as the Administrator may consider to be
20 in the public interest: *Provided*, That grants under this title
21 to any local agency for hospital construction, or for school
22 construction or maintenance and operation, may be made only
23 after such action by the local agency to secure assistance (i)
24 in the case of hospitals, under Public Law 725, Seventy-ninth
25 Congress, approved August 13, 1946, as amended, or Public

1 Law 380, Eighty-first Congress, approved October 25, 1949,
2 or (ii) in the case of schools, under title II of Public Law
3 815, Eighty-first Congress, approved September 23, 1950,
4 or under Public Law 874, Eighty-first Congress, approved
5 September 30, 1950, as the case may be, as is determined to
6 be reasonable under the circumstances, and only to the extent
7 that the required assistance is not available to such local
8 agency under said Public Law 725, said Public Law 380,
9 title II of said Public Law 815, or said Public Law 874, as
10 the case may be: *Provided further*, That grants or payments
11 for the provision, or for the maintenance and operation, of
12 community facilities or services under this section shall not
13 exceed the portion of the cost of the provision, or the mainte-
14 nance and operation, of such facilities or services which the
15 Administrator estimates to be attributable to the national
16 defense activities in the area and not to be recovered by the
17 public or nonprofit agency from other sources, including pay-
18 ments by the United States under any other provisions of this
19 Act or any other law: *And provided further*, That any such
20 continuing grant or payment shall be reexamined and ad-
21 justed annually upon the basis of the ability of the agency
22 to bear a greater portion of the cost of such maintenance,
23 operation, or services as a result of increased revenues made
24 possible by such facility or by such defense activities.

1 SEC. 405. With respect to any housing or community
2 facilities or services which the Administrator is authorized to
3 provide, or any property which he is authorized to acquire,
4 under this Act, the Administrator is authorized by contract
5 or otherwise (without regard to sections 1136 and 3709 of
6 the Revised Statutes, as amended, section 322 of the Act of
7 June 30, 1932 (47 Stat. 412), as amended, the Federal
8 Property and Administrative Services Act of 1949, as
9 amended, and prior to the approval of the Attorney General).
10 to make plans, surveys, and investigations; to acquire (by
11 purchase, donation, condemnation or otherwise), construct,
12 erect, extend, remodel, operate, rent, lease, exchange, repair,
13 deal with, insure, maintain, convey, sell for cash or credit,
14 demolish, or otherwise dispose of any property, land, im-
15 provement, or interest therein; to provide approaches, utili-
16 ties, and transportation facilities; to procure necessary mate-
17 rials, supplies, articles, equipment, and machinery; to make
18 advance payments for leased property; to pursue to final dis-
19 position by way of compromise or otherwise, claims both for
20 and against the United States (exclusive of claims in excess
21 of \$5,000 arising out of contracts for construction, repairs,
22 and the purchase of supplies and materials, and claims in-
23 volving administrative expenses) which are not in litigation
24 and which have not been referred to the Department of Jus-
25 tice; and to convey without cost to States and political sub-

1 divisions and instrumentalities thereof property for streets
2 and other public thoroughfares and easements for public pur-
3 poses: *Provided*, That any instrument executed by the Ad-
4 ministrator and purporting to convey any right, title or
5 interest in any property acquired pursuant to this title or
6 title V of this Act shall be conclusive evidence of compliance
7 with the provisions thereof insofar as title or other interest
8 of any bona fide purchasers, lessees or transferees of such
9 property is concerned. Notwithstanding any provisions of
10 this Act, housing or community facilities constructed by the
11 United States pursuant to the authority contained herein
12 (except housing or community facilities of a temporary
13 character) shall, to the maximum extent practicable, taking
14 into consideration the availability of materials, conform to
15 the requirements of State or local laws, ordinances, rules, or
16 regulations relating to health, sanitation, and building codes.

17 SEC. 406. Any Federal agency may, upon request
18 of the Administrator, transfer to his jurisdiction without
19 reimbursement any lands, improved or unimproved, or
20 other property real or personal, considered by the Admin-
21 istrator to be needed or useful for housing or community
22 facilities, or both, to be provided under this title, and the
23 Administrator is authorized to accept any such transfers.
24 The Administrator may also utilize any other real or per-
25 sonal property under his jurisdiction for the purpose of this

1 title without adjustment of the appropriations or funds in-
2 volved. Any property so transferred or utilized, and any
3 funds in connection therewith, shall be subject only to the
4 authorizations and limitations of this title. The Adminis-
5 trator may, in his discretion, upon request of the Secretary
6 of Defense or his designee, transfer to the jurisdiction of the
7 Department of Defense without reimbursement any land,
8 improvements, housing, or community facilities constructed
9 or acquired under the provisions of this title and considered
10 by the Department of Defense to be required for the purposes
11 of the said Department. Upon the transfer of any such prop-
12 erty to the jurisdiction of the Department of Defense, the
13 laws, rules, and regulations relating to property of the De-
14 partment of Defense shall be applicable to the property so
15 transferred, and the provisions of this title and the rules and
16 regulations issued thereunder shall no longer apply.

17 SEC. 407. Notwithstanding any other provisions of law,
18 the acquisition by the United States of any real property
19 pursuant to this title or title V of this Act shall not deprive
20 any State or political subdivision thereof of its civil or crimi-
21 nal jurisdiction in and over such property, or impair the
22 civil or other rights under the State or local law of the
23 inhabitants of such property. Any proceedings by the
24 United States for the recovery of possession of any property
25 or project acquired, developed, or constructed under this title

1 or title V of this Act may be brought in the courts of the
2 States having jurisdiction of such causes.

3 SEC. 408. The Administrator shall pay from rentals
4 annual sums in lieu of taxes and special assessments to any
5 State and/or political subdivision thereof, with respect to any
6 real property, including improvements thereon, acquired and
7 held by him under this title for residential purposes (or for
8 commercial purposes incidental thereto), whether or not
9 such property is or has been held in the exclusive jurisdic-
10 tion of the United States. The amount so paid for
11 any year upon such property shall approximate the taxes
12 and special assessments which would be paid to the State
13 and/or subdivision, as the case may be, upon such property
14 if it were not exempt from taxation and special assessments,
15 with such allowance as may be considered by him to be
16 appropriate for expenditures by the Federal Government for
17 the provision or maintenance of streets, utilities, or other
18 public services to serve such property.

19 SEC. 409. In carrying out this title—

20 (a) notwithstanding any other provisions of this
21 title, so far as is consistent with emergency needs, con-
22 tracts shall be subject to section 3709 of the Revised
23 Statutes;

24 (b) the cost-plus-a-percentage-of-cost system of
25 contracting shall not be used, but contracts may be made

1 on a cost-plus-a-fixed-fee basis: *Provided*, That the fixed
2 fee shall not exceed 6 per centum of the estimated cost;

3 (c) wherever practicable, existing private and pub-
4 lic community facilities shall be utilized or such facilities
5 shall be extended, enlarged, or equipped in lieu of con-
6 structing new facilities; and

7 (d) all right, title, and interest of the United States
8 in and to any community facilities constructed by the
9 United States pursuant to the authority contained in this
10 title shall (if such agency is willing to accept such
11 facility and operate the same for the purpose for which
12 it was constructed) be disposed of to the appropriate
13 State, city, or other local agency having responsibility
14 for such type of facility in the area not later than one
15 year after the expiration date specified in title I hereof,
16 and subject to the conditions and requirements hereafter
17 prescribed by the Congress.

18 SEC. 410. (a) Notwithstanding any other provision of
19 law, the wages of every laborer and mechanic employed on
20 any construction, maintenance, repair, or demolition work
21 authorized by this title shall be computed on a basic day
22 rate of eight hours per day and work in excess of eight
23 hours per day shall be permitted upon compensation for all
24 hours worked in excess of eight hours per day at not less
25 than one and one-half times the basic rate of pay.

1 (b) The provisions of the Davis-Bacon Act (49 Stat.
2 1011), as amended; of title 18, United States Code, section
3 874; and of title 40, United States Code, section 276c,
4 shall apply in accordance with their terms to work pur-
5 suant to this title.

6 (c) Any contract for loan or grant, or both, pursuant
7 to this title shall contain a provision requiring that not less
8 than the wages prevailing in the locality, as predetermined
9 by the Secretary of Labor pursuant to the Davis-Bacon Act,
10 as amended, shall be paid to all laborers and mechanics
11 employed in the construction of the project at the site
12 thereof; and the Administrator shall require certification as
13 to compliance with the provisions of this subsection prior to
14 making any payment under such contract.

15 (d) Any contractor engaged in the development of any
16 project financed in whole or in part with funds made avail-
17 able pursuant to this title shall report monthly to the Secre-
18 tary of Labor, and shall cause all subcontractors to report
19 in like manner, within five days after the close of each
20 month and on forms to be furnished by the United States
21 Department of Labor, as to the number of persons on their
22 respective payrolls on the particular project, the aggregate
23 amount of such payrolls, the total man-hours worked, and
24 itemized expenditures for materials. Any such contractor
25 shall furnish to the Department of Labor the names and

1 addresses of all subcontractors on the work at the earliest
2 date practicable.

3 (e) The Secretary of Labor shall prescribe appropriate
4 standards, regulations, and procedures, which shall be ob-
5 served by the Administrator in carrying out the provisions
6 of this title (and cause to be made by the Department of
7 Labor such investigations) with respect to compliance with
8 and enforcement of the labor standards provisions of this
9 section, as he deems desirable.

10 SEC. 411. Moneys derived from rentals, operation, or
11 disposition of property acquired or constructed under the
12 provisions of this title shall be available for expenses of
13 operation, maintenance, improvement, and disposition of
14 any such property, including the establishment of necessary
15 reserves therefor and administrative expenses in connection
16 therewith: *Provided*, That such moneys derived from
17 rentals, operation, or disposition may be deposited in a com-
18 mon fund account or accounts in the Treasury: *And pro-*
19 *vided further*, That the moneys in such common fund account
20 or accounts shall not exceed \$5,000,000 at any time, and
21 all moneys in excess of such amount shall be covered into
22 miscellaneous receipts.

23 SEC. 412. The Administrator shall fix fair rentals based
24 on the value thereof as determined by him which shall be
25 charged for housing accommodations operated under this title

1 and may prescribe the class or classes of persons who may
2 occupy such accommodations, preferences, or priorities in the
3 rental thereof, and the terms, conditions, and period of such
4 occupancy.

5 SEC. 413. There are hereby authorized to be appro-
6 priated—

7 (a) such sums, not exceeding \$60,000,000, as may
8 be necessary for carrying out the provisions and purposes
9 of this title relating to community facilities and services
10 in critical defense housing areas; and

11 (b) such sums, not exceeding \$50,000,000, as may
12 be necessary for carrying out the provisions and purposes
13 of this title relating to housing in critical defense housing
14 areas.

15 SEC. 414. Subject to all of the limitations and restric-
16 tions of this Act, including, specifically, the requirements of
17 subsection (c) of section 203 hereof and of subsections (c)
18 and (d) of section 409 hereof, where any other officer, de-
19 partment, or agency is performing, or, in the determination of
20 the President, has facilities adapted to the performance of,
21 functions, powers and duties similar, or directly related, to
22 any of the functions, powers and duties which the Housing
23 and Home Finance Administrator is authorized by this title
24 to perform with respect to the construction, maintenance or
25 operation of community facilities for education, health, refuse

1 disposal, sewage treatment, recreation, water purification, and
2 day-care centers, or the provision of community services, the
3 President may transfer to such other officer, department, or
4 agency any of the functions, powers, and duties authorized
5 by this title to be performed with respect thereto if he finds
6 that such transfer will assist the furtherance of national
7 defense activities, and upon any such transfer, funds in such
8 amount as the Director of the Bureau of the Budget shall
9 determine, but in no event in excess of the balance of any
10 moneys appropriated to the Housing and Home Finance
11 Administrator pursuant to the authorization therefor con-
12 tained in this title for the performance of the transferred
13 functions, powers, and duties, may also be transferred by the
14 President to such other officer, department, or agency: *Pro-*
15 *vided*, That the President, by Executive Order or otherwise,
16 may prescribe or direct the manner in which any functions,
17 powers, and duties, which the Housing and Home Finance
18 Administrator is authorized by this title to perform with
19 respect to assistance for the construction, or the construction
20 of, any community facilities, shall be administered in coordi-
21 nation with other officers, departments, or agencies having
22 functions or activities related thereto.

23 SEC. 415. As used in this title, the following terms shall
24 have the meanings respectively ascribed to them below, and,

1 unless the context clearly indicates otherwise, shall include
2 the plural as well as the singular number:

3 (a) "State" shall mean the several States, the District
4 of Columbia, and Territories, and possessions of the United
5 States.

6 (b) "Federal agency" shall mean any executive de-
7 partment or officer (including the President), independent
8 establishment, commission, board, bureau, division, or office
9 in the executive branch of the United States Government, or
10 other agency of the United States, including corporations
11 in which the United States owns all or a majority of the
12 stock, directly or indirectly.

13 (c) "Community facility" shall mean any facility neces-
14 sary for carrying on community living, including primarily
15 waterworks, sewers, sewage, garbage and refuse disposal
16 facilities, fire protection facilities, public sanitary facilities,
17 works for treatment and purification of water, schools, hos-
18 pitals and other places for the care of the sick, recreational
19 facilities, streets and roads, and day-care centers.

20 (d) "Community service" shall mean any service neces-
21 sary for carrying on community living, including the mainte-
22 nance and operation of facilities for education, health, refuse
23 disposal, sewage treatment, recreation, water purification, and
24 day-care centers, and the provision of fire-protection and
25 other community services.

1 (e) "Nonprofit agency" shall mean any agency no part
2 of the net earnings of which inures to the benefit of any
3 private stockholder or individual.

4 (f) "Project" shall mean housing or community facili-
5 ties acquired, developed, or constructed with financial
6 assistance pursuant to this title.

7 (g) "Veteran" shall mean a person, or the family of a
8 person, who has served in the active military or naval
9 service of the United States at any time (i) on or after
10 September 16, 1940, and prior to July 26, 1947, (ii) on
11 or after April 6, 1917, and prior to November 11, 1918,
12 or (iii) on or after June 27, 1950, and prior to such date
13 thereafter as shall be determined by the President, and
14 who shall have been discharged or released therefrom under
15 conditions other than dishonorable or who shall be still
16 serving therein. The term shall also include the family of a
17 person who served in the active military or naval service
18 of the United States within any such period and who shall
19 have died of causes determined by the Veterans' Adminis-
20 tration to have been service-connected.

21 TITLE V—PROVISION OF SITES FOR NECESSARY
22 DEVELOPMENT IN CONNECTION WITH ISO-
23 LATED DEFENSE INSTALLATIONS

24 SEC. 501. Subject to the provisions and limitations of
25 title II hereof and subject to the provisions and limitations of

1 this title, upon a finding by the President that in connection
2 with a defense installation (as defined by him) developed
3 or to be developed in an isolated or relatively isolated area
4 (1) housing or community facilities needed for such installa-
5 tion would not otherwise be provided when and where re-
6 quired or (2) there would otherwise be speculation or un-
7 economic use of land resources which would impair the
8 efficiency of defense activities at such installation, the Hous-
9 ing and Home Finance Administrator (hereinafter referred
10 to as the "Administrator") is authorized to make general
11 plans for the development of necessary housing and com-
12 munity facilities in connection with such defense installa-
13 tion; to acquire, by purchase, condemnation, or otherwise,
14 the necessary improved or unimproved land or interests
15 therein; to clear land; to install, construct, or reconstruct
16 streets, utilities, and other site improvements essential to the
17 preparation of the land for use in accordance with said gen-
18 eral plans; and to dispose of such land or interests therein
19 for use in accordance with such plans and subject to such
20 terms and conditions as he shall deem advisable and in the
21 public interest. For the purposes of this title, the Adminis-
22 trator may exercise the powers granted to him in title IV
23 for the purposes thereof: *Provided*, That no funds made
24 available under this title shall be used for the erection of
25 dwellings or other buildings, and funds representing the

1 fair value, as determined by the Administrator, of any prop-
2 erty acquired under this title and used as sites for dwellings
3 or other buildings or facilities under title IV shall be trans-
4 ferred from funds appropriated thereunder and made avail-
5 able for purposes of this title V: *And provided further,*
6 That the provisions of section 410 shall be applicable to
7 site development work under this title.

8 SEC. 502. Upon a finding by the President that it is
9 necessary or desirable in the public interest that land shall
10 be acquired by the Administrator not only for the purposes
11 of section 501 hereof but for the defense installation to be
12 served thereby, the Administrator is authorized to acquire
13 improved or unimproved land for such defense installation
14 and, in connection therewith, to exercise any powers granted
15 under this title. The Administrator may transfer such prop-
16 erty to the appropriate Federal, State, local or private
17 agency, person, or corporation upon such terms and condi-
18 tions as he shall determine to be in the public interest.

19 SEC. 503. With respect to any real property acquired
20 and held by the Administrator pursuant to this title and with
21 respect to any defense installation owned by the Federal
22 Government in connection with which such property is
23 acquired, the Administrator may pay annual sums in lieu
24 of taxes to the appropriate State and local taxing authorities:
25 *Provided, That, in making any such payments, the Admin-*

1 istrator shall take into consideration other payments by the
2 Federal Government to the State and local taxing author-
3 ities, the value of services furnished by such taxing au-
4 thorities in connection with the property or installation,
5 and the value of any services provided by the Federal Gov-
6 ernment. There are hereby authorized to be appropriated
7 such sums as may be necessary and appropriate for the
8 carrying out of the provisions and purposes of this section.

9 SEC. 504. The Administrator is authorized to obtain
10 money from the Treasury of the United States for use in the
11 performance of the functions, powers, and duties granted
12 to him by this title, not to exceed a total of \$10,000,000
13 outstanding at any one time. For this purpose appro-
14 priations not to exceed \$10,000,000 are hereby authorized
15 to be made to a revolving fund in the Treasury. Advances
16 shall be made to the Administrator from the revolving fund
17 when requested by the Administrator. As the Administrator
18 repays the amounts thus obtained from the Treasury, the
19 repayments shall be made to the revolving fund. The Ad-
20 ministrator shall pay into the Treasury as miscellaneous
21 receipts interest on the outstanding advances from the
22 Treasury provided for by this section. The Secretary of the
23 Treasury shall determine the interest rate annually in ad-
24 vance, such rate to be calculated to reimburse the Treasury
25 for its cost, taking into consideration the current average

1 interest rate which the Treasury pays upon its marketable
2 obligations.

3 SEC. 505. In any city or in two contiguous cities in
4 which, on March 1, 1951, there were in one of such cities
5 more than twelve thousand temporary housing units held by
6 the United States of America, the powers authorized by this
7 title may be exercised for the acquisition of land for the
8 provision of improved sites for privately financed defense
9 housing: *Provided*, That acquisitions pursuant to this section
10 shall be limited to not exceeding 300 acres of land in the
11 general area in which approximately one thousand five hun-
12 dred units of such temporary housing were unoccupied on
13 said date.

14 TITLE VI—PREFABRICATED HOUSING

15 SEC. 601. Section 102 of the Housing Act of 1948, as
16 amended, is amended by striking out the words “for the
17 production of prefabricated houses or prefabricated housing
18 components, or for large-scale modernized site construction”
19 at the end of the first sentence thereof and inserting the fol-
20 lowing: “for production or distribution of prefabricated
21 houses or housing components and for related purposes, or
22 for modernized site construction: *Provided, however*, That
23 no loan in excess of \$500,000 shall be made to any individual
24 or corporation for purposes of production”, and by inserting
25 after the word “determine” in the second sentence thereof

1 the words "and may be made either directly or in cooperation
2 with banks or other lending institutions through agreements
3 to participate or the purchase of participation or otherwise".

4 SEC. 602. The Housing Act of 1948, as amended, is
5 amended by inserting before section 103 thereof the follow-
6 ing new sections:

7 "SEC. 102a. To assure the maintenance of industrial
8 capacity for the production of prefabricated houses and
9 housing components so that it may be available for the
10 purposes of national defense, the Housing and Home Finance
11 Administrator is authorized to make loans to and purchase
12 obligations of any business enterprise or financial institution
13 for the purpose of providing financial assistance for the
14 production or distribution of prefabricated houses or pre-
15 fabricated housing components and for related purposes.
16 Such loans may be made upon such terms and conditions
17 and with such maturities as the Administrator may deter-
18 mine and may be made either directly or in cooperation
19 with banks or other lending institutions through agreements
20 to participate or the purchase of participation or otherwise:
21 *Provided*, That the total amount of commitments for loans
22 made and obligations purchased under this section shall not
23 exceed \$15,000,000 outstanding at any one time, and no
24 financial assistance shall be extended under this section

1 unless it is not otherwise available on reasonable terms.
2 The Administrator is further authorized to issue to the Sec-
3 retary of the Treasury, and the Secretary of the Treasury
4 is authorized to purchase, obligations of the Administrator
5 in an amount outstanding at any one time sufficient to enable
6 the Administrator to carry out his functions under this sec-
7 tion, such obligations to be in substantially the same form,
8 and be issued in the same manner and subject to the same
9 conditions, except as to the total amount thereof, as obliga-
10 tions issued by the Administrator pursuant to Reorganiza-
11 tion Plan 23 of 1950.

12 "SEC. 102b. In the performance of, and with respect
13 to, the functions, powers, and duties vested in him by Re-
14 organization Plan 23 of 1950 and by section 102a hereof,
15 the Housing and Home Finance Administrator shall, in
16 addition to any powers, functions, privileges, and immunities
17 otherwise vested in him—

18 "(1) have the powers, functions, privileges, and
19 immunities transferred to him by said Reorganization
20 Plan and the same powers, functions and duties as
21 set forth in section 402 of the Housing Act of 1950,
22 except subsection (c) (2) thereof, with respect to
23 loans authorized by title IV of said Act;

24 "(2) take any and all actions determined by him
25 to be necessary or desirable in making, servicing, com-

promising, modifying, liquidating, or otherwise dealing with or realizing on loans thereunder.

“SEC. 102c. Wherever in this Act the words ‘prefabricated houses’ are used they shall be construed to include houses which are of a mobile or portable character.”

SEC. 603. The third paragraph of section 24 of the Federal Reserve Act, as amended, is amended by adding in clause (d) the words “or the Housing and Home Finance Administrator” after the words “the Reconstruction Finance Corporation” and by adding the words “or of section 102 or 102a of the Housing Act of 1948, as amended,” after the words “provisions of the Reconstruction Finance Corporation Act, as amended,”.

TITLE VII—AMENDMENTS TO EXISTING LAWS AND GENERAL PROVISIONS

SEC. 701. Title VIII of the National Housing Act, as amended, is hereby amended—

(a) By striking out of section 803 (a) “July 1, 1951” and substituting therefor “July 1, 1953”.

(b) By inserting before the period at the end of section 803 (b) (3) (C) the following: “: *Provided*, That the Commissioner may by regulation increase the \$8,100 limitation by not exceeding \$900 in any geographical area where he finds that cost levels so require”.

(c) By inserting after the words “National Military

1 Establishment" in the last sentence of section 803 (d) the
2 words "or the Atomic Energy Commission".

3 (d) By adding at the end thereof the following new
4 section:

5 "SEC. 810. A mortgage which meets all of the eligibility
6 requirements of this title except those specified in section
7 803 (b) (2) and which is secured by property designed
8 for rent for residential use by personnel of the Atomic
9 Energy Commission (including military personnel and
10 Government contractors' employees) employed or assigned
11 to duty at the Atomic Energy Commission installation at or
12 in the area in which such property is constructed shall be
13 eligible for insurance under this title if the Atomic Energy
14 Commission or its designee shall have certified to the Com-
15 missioner that the housing with respect to which the mort-
16 gage is made is necessary to provide adequate housing for
17 such personnel, that such installation is deemed to be a
18 permanent part of the Atomic Energy Commission establish-
19 ment, and that there is no present intention to substantially
20 curtail activities at such installation. Notwithstanding the
21 provisions of any other law, preference or priority of oppor-
22 tunity in the occupancy of the mortgaged property for such
23 personnel and their immediate families shall be provided
24 under such regulations and procedures as may be prescribed
25 by the Commissioner. To effectuate the purpose of this

1 title the Atomic Energy Commission or its designee is
2 authorized to exercise all the authority granted to the Sec-
3 retary of Defense or the Secretary of the Army, Navy, or
4 Air Force pursuant to this title. Nothing herein contained
5 shall impair the powers vested in the Atomic Energy Com-
6 mission by the Atomic Energy Act of 1946.”

7 SEC. 702. Notwithstanding any other provisions of this
8 or any other Act (including the Defense Production Act of
9 1950), in any critical defense housing area loans for the
10 purchase, construction, alteration, repair, or improvement of
11 residential property may be guaranteed or insured, in accord-
12 ance with the provisions of the Servicemen's Readjustment
13 Act of 1944, as amended, on behalf of veterans employed,
14 or to be employed, in defense plants or installations: *Pro-*
15 *vided*, That any houses purchased or constructed with any
16 such loans, not conforming to credit restrictions under the
17 Defense Production Act of 1950, are within the number
18 programmed for the area and are held subject to the terms
19 and conditions prescribed by the Housing and Home Finance
20 Administrator for housing built pursuant to relaxations of
21 such restrictions: *And provided further*, That this section
22 shall not be applicable to dwelling units, the cost of which
23 exceeds \$10,000 for a two-bedroom unit, \$11,000 for a
24 three-bedroom unit, or \$12,000 for a four-bedroom unit.

25 SEC. 703. The Act entitled “An Act to expedite the

1 provision of housing in connection with national defense,
2 and for other purposes", approved October 14, 1940, as
3 amended, is hereby amended by adding at the end thereof
4 the following new section 611:

5 "SEC. 611. Notwithstanding any other provision of law,
6 the President is authorized to extend, for such period or
7 periods as he shall specify, the time within which any action
8 is required or permitted to be taken by the Administrator
9 or others under the provisions of this title (or any contract
10 entered into pursuant to this title), upon a determination by
11 him, after considering the needs of national defense and the
12 effect of such extension upon the general housing situation
13 and the national economy, that such extension is in the public
14 interest."

15 SEC. 704. The National Housing Act, as amended, is
16 hereby amended—

17 (a) by striking out the period at the end of the
18 second sentence of section 204 (d) and inserting a
19 comma and the following: "except that debentures issued
20 with respect to mortgages insured under section 213 shall
21 mature twenty years after the date of such debentures."

22 (b) by striking out of the second sentence of section
23 207 (i) the words "and shall mature three years after
24 the 1st day of July following the maturity date of the
25 mortgage in exchange for which the debentures were

issued" and inserting in lieu thereof "and shall mature twenty years after the date thereof".

SEC. 705. Section 207 (c) of the National Housing Act, as amended, is hereby amended (1) by striking out of clause "(i)" in paragraph numbered "(2)" the words "of the property or project" and inserting in lieu thereof the words "of the property or project attributable to dwelling use"; and (2) by striking out of clause "(ii)" in paragraph numbered "(2)" the words "and not in excess of \$10,000 per family unit" and inserting in lieu thereof the words "and not in excess of \$10,000 per family unit and (iii) 90 per centum of the estimated value of such part of such property or project as may be attributable to non-dwelling use"; and (3) by striking out of paragraph numbered "(3)" the words "four and one-half per family unit" and substituting therefor the words "four per family unit".

SEC. 706. The first sentence of section 214 of the National Housing Act, as amended, is hereby amended by striking the word "one-third" and inserting the word "one-half".

SEC. 707. Title II of the National Housing Act, as amended, is hereby amended by adding at the end thereof the following new sections:

"WAIVER OF OCCUPANCY REQUIREMENTS FOR SERVICEMEN

"SEC. 216. The Commissioner is hereby authorized to insure any mortgage otherwise eligible for insurance under

1 any of the provisions of this Act without regard to any
2 requirement that the mortgagor be the occupant of the
3 property at the time of insurance, where the Commissioner
4 is satisfied that the inability of the mortgagor to occupy
5 the property is by reason of his entry into military service
6 subsequent to the filing of an application for insurance and
7 the mortgagor expresses an intent to occupy the property
8 upon his discharge from military service.

9 "GENERAL MORTGAGE INSURANCE AUTHORIZATION

10 "SEC. 217. Notwithstanding limitations contained in
11 any other section of this Act on the aggregate amount of
12 principal obligations of mortgages which may be insured
13 under any title of this Act, such aggregate amount shall,
14 with respect to any title of this Act (except title VI) be
15 prescribed by the President, taking into consideration the
16 needs of national defense and the effect of additional mort-
17 gage insurance authorizations upon conditions in the building
18 industry and upon the national economy: *Provided*, That
19 the aggregate dollar amount of the mortgage insurance
20 titles of this Act prescribed by the President pursuant to
21 title IX of this Act plus the aggregate dollar amount of all
22 increases in mortgage insurance authorizations under other
23 titles of this Act prescribed by the President pursuant to
24 authority contained in this section shall not exceed \$1,500,-

1 000,000 and shall be available only for mortgage insurance
2 with respect to housing in critical defense housing areas.”

3 SEC. 708. Notwithstanding any other provision of law
4 or Reorganization Plan 22 of 1950, one of the five or more
5 persons constituting the Board of Directors of the Federal
6 National Mortgage Association shall be appointed by the
7 Administrator of Veterans’ Affairs from among the officers
8 or employees of the Veterans’ Administration.

9 SEC. 709. (a) Section 702 of the National Housing
10 Act, as amended, is hereby amended by adding the following
11 new subsection at the end thereof:

12 “(c) (3) After completion of the project the in-
13 vestor must establish in a manner satisfactory to the
14 Commissioner that the project is free and clear of liens
15 and that there are no other outstanding unpaid obliga-
16 tions contracted in connection with the construction of the
17 project, except taxes and such other liens and obligations
18 as may be approved or prescribed by the Commissioner.
19 Debentures issued by the investor which are payable
20 out of net income from the project and from the benefits
21 of the insurance contract shall not be construed as
22 ‘unpaid obligations’ as such term is used in this
23 subsection.”

24 (b) Section 707 of the National Housing Act, as

1 amended, is hereby amended by adding the following new
2 sentence at the end thereof: "Nothing contained in this title
3 or any other provision of law shall be construed as prevent-
4 ing or restricting an investor from assigning, pledging, or
5 otherwise transferring or disposing of, subject to rules and
6 regulations of the Commissioner, any or all rights, claims,
7 or other benefits under any insurance contract made pur-
8 suant to this title to an assignee, pledgee, or other transferee,
9 including the holders (or the trustee for such holders) of
10 any debentures issued by the investor in connection with the
11 project to which such insurance contract relates, and the
12 Commissioner is authorized to pay claims or issue debentures
13 in accordance with the provisions of this section and section
14 708 of this title to any such assignee, pledgee, or other
15 transferee."

16 SEC. 710. Section 713 (n) of the National Housing
17 Act, as amended, is hereby amended by adding before the
18 period at the end thereof the words "or such lesser amount
19 as shall be agreed upon by the investor and the Commis-
20 sioner".

21 SEC. 711. Upon a finding by the Housing and Home
22 Finance Administrator that the acquisition of any real prop-
23 erty for a defense installation or industry has resulted, or
24 will result, in the displacement of persons from their homes
25 on such property, he may (notwithstanding any other provi-

1 sion of this or any other law) issue regulations pursuant
2 to which such persons may be permitted to occupy or pur-
3 chase housing for which credit restrictions established pur-
4 suant to the Defense Production Act of 1950 have been
5 relaxed or housing which has been provided or assisted
6 under the provisions of this Act (including amendments to
7 other Acts provided herein), subject to any conditions or
8 requirements that he determines necessary for purposes of
9 national defense.

10 SEC. 712. Section 713 (o) of the National Housing
11 Act, as amended, is hereby amended by inserting before the
12 period at the end thereof the words "and income taxes".

13 SEC. 713. Section 504 of the Housing Act of 1950 is
14 amended by striking out "builder, veteran, or other pur-
15 chaser" wherever it appears therein and inserting in lieu
16 thereof the following: "builder or other seller, or the veteran
17 or other purchaser".

18 SEC. 714. (a) Section 512 (b) of the Servicemen's
19 Readjustment Act of 1944 is amended (1) by striking out
20 clause (C); and (2) by striking out "June 30, 1951" and
21 inserting in lieu thereof "July 1, 1953".

22 (b) Section 512 (d) of the Servicemen's Readjustment
23 Act of 1944 is amended to read as follows:

24 "(d) The Administrator is authorized to sell, and shall
25 offer for sale, to any private lending institution evidencing

1 ability to service loans, any loan made under this section
2 at a price not less than par; that is, the unpaid balance plus
3 accrued interest, and may guarantee any loan thus sold sub-
4 ject to the same conditions, terms, and limitations which
5 would be applicable were the loan guaranteed under section
6 501 (b) of this title.”

7 (c) The first sentence of section 513 (a) of the
8 Servicemen’s Readjustment Act of 1944 is amended to read
9 as follows: “For the purposes of section 512 of this title, the
10 Secretary of the Treasury is hereby authorized and directed
11 to make available to the Administrator such sums not in
12 excess of \$150,000,000 (plus the amount of any funds
13 which may have been deposited to the credit of miscellane-
14 ous receipts under subsections (a) and (c) hereof), as the
15 Administrator shall request from time to time except that
16 no sums may be made available after July 1, 1953.”

17 (d) Section 513 (c) of the Servicemen’s Readjustment
18 Act of 1944 is amended by striking out “June 30, 1952”
19 and inserting in lieu thereof “July 1, 1954”.

20 SEC. 715. The Secretary of Defense or his designee
21 shall hereafter be included in the membership of the Na-
22 tional Housing Council in the Housing and Home Finance
23 Agency, and the Chairman of the Board of Directors of the

1 Reconstruction Finance Corporation or his designee shall
2 not hereafter be included in the membership of said Council.

3 SEC. 716. During the period from the date of the ap-
4 proval of this Act to and including the expiration date speci-
5 fied in section 204 hereof, no project shall be initiated, and
6 the income limitations contained in the United States Hous-
7 ing Act of 1937, as amended, shall not be waived or sus-
8 pended, pursuant to the authorization therefor in title II
9 of Public Law 671, Seventy-sixth Congress, approved June
10 28, 1940.

11 SEC. 717. Insofar as the provisions of any other law
12 are inconsistent with the provisions of this Act, the provi-
13 sions of this Act shall be controlling.

14 SEC. 718. Except as may be otherwise expressly pro-
15 vided in this Act, all powers and authorities conferred by
16 this Act shall be cumulative and additional to and not in
17 derogation of any powers and authorities otherwise existing.
18 Notwithstanding any other evidence of the intention of Con-
19 gress, it is hereby declared to be the controlling intent of
20 Congress that if any provisions of this Act, or the appli-
21 cation thereof to any persons or circumstances, shall be
22 adjudged by any court of competent jurisdiction to be in-
23 valid, such judgment shall not affect, impair, or invalidate

1 the remainder of this Act or its application to other persons
2 and circumstances, but shall be confined in its operation
3 to the provisions of this Act or the application thereof to
4 the persons and circumstances directly involved in the con-
5 troversy in which such judgment shall have been rendered.

Passed the Senate June 28 (legislative day, June 27),
1951.

Attest:

LESLIE L. BIFFLE,

Secretary.

AN ACT

To amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

JUNE 28 (legislative day, JUNE 27), 1951

Ordered printed as passed by the Senate

DIGEST

OF

CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued June 29, 1951
For actions of June 28, 1951
82nd-1st, No. 116

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HIGHLIGHTS: Senate passed defense production bill. House passed measure to make temporary appropriations pending enactment of regular bills. House committee reported measure to make temporary extension of Defense Production Act, pending enactment of regular bill; this measure cleared Rules Committee. Farm-labor bill was sent to conference. Senate received CCC audit report. Rep. Bockworth inserted Under Secretary's letter explaining family-farm survey.

HOUSE

- 1. TEMPORARY APPROPRIATIONS.** Passed with amendment H. J. Res. 277, to make 1952 appropriations available temporarily, pending enactment of the regular bills (pp. 7469-92). The amendment, proposed by Rep. Cannon, corrected a citation under Institute of Inter-American Affairs (p. 7491). Before passing the joint resolution, took the following actions regarding it: Agreed to "the previous question" 196-192, thereby making it in order to vote on the closed rule without subjecting it to amendments (pp. 7469-76). Then voted, 195-191, to agree to the rule, thus providing for debate on the continuing resolution without any floor amendments (pp. 7476-7). Just before passage of the measure, rejected, 190-200, a motion by Rep. Taber to recommit the joint resolution with instructions that the Appropriations Committee report it back to the House with various amendments providing for general reductions and restrictions during the temporary period (pp. 7491-2).
- 2. DEFENSE PRODUCTION.** The Banking and Currency Committee reported without amendment H. J. Res. 278, to continue the existing Defense Production Act until July 31, pending enactment of the regular bill (H. Rept. 560)(p. 7514).
The Rules Committee reported a resolution providing for consideration of H. J. Res. 278 but permitting the House to vote on an amendment to prohibit rollbacks during the temporary period (p. 7514).
It is expected that these measures will be debated today, June 29 (p. 7572).
- 3. FARM LABOR.** Reps. Cooley, Poage, Grant, Hope, and Andresen, and Sens. Ellender, Hoey, Holland, Aiken, and Young were appointed conferees on S. 984, the Mexican farm labor bill (pp. 7511, 7519-20).
- 4. SMALL BUSINESS.** Rep. Patman, Tex., spoke in favor of additional Government aids

to small business. (pp. 7497-509).

5. **PAY INCREASE.** Rep. Lane, Mass., spoke in favor of increasing the pay of Federal employees (p. 7509).
6. **APPROPRIATIONS.** Received from the President proposed rescissions of amounts placed in reserve, pursuant to section 124 of the General Appropriation Act, 1951, in the amount of \$572,829,925. Included are various amounts from the appropriations of agencies of this Department. (H. Doc. 182) (p. 7399, Cong. Record for June 27.)

SENATE

7. **DEFENSE PRODUCTION.** Passed with amendments, 71 to 10, S. 1717, to amend and extend the Defense Production Act of 1950 and to continue rent controls (pp. 7521-69, 7571-604). (The Congressional Record for June 28 does not show the final votes on the bill as the printing of the proceedings was suspended at 2 a.m. June 29, and the remainder of the proceedings will appear in the Record for the 29th.) Before final passage of the bill, the following actions were taken:

Agreed to amendments as follows:

By Sen. Aiken, providing that nothing in the act shall be construed to alter or repeal the Agricultural Act of 1949 or the Agricultural Marketing Agreement Act of 1937, as amended (pp. 7538-51).

By Sen. Millikin, as modified by changes suggested by Sen. Humphrey, allowing adjustments in price ceilings on any material other than agricultural commodities, but allowing actual factory and labor costs and making reasonable allowances for other costs (pp. 7538-51). An amendment by Sen. Morse to modify Sen. Millikin's amendment so as to eliminate the exemption of agricultural commodities was rejected 22 to 64 (pp. 7545-9).

By a vote of 49 to 33, an amendment by Sen. Wherry to provide that "after the enactment of this paragraph no ceiling price shall become effective which is below the lower of (A) the price prevailing just before the date of issuance of the regulation or order establishing such ceiling price" (pp. 7587-8).

By Sen. Magnuson to continue until June 30, 1953 import controls on fats, oils, dairy products, peanuts, and rice and rice products (pp. 7588-92). Sen. Anderson made a point of order against this amendment on the grounds that it was not germane to the bill, but the chair overruled it (pp. 7590-2).

By Sen. Wherry to provide that "no ceilings shall be established or maintained on products resulting from the processing of cattle and calves, lambs and sheep, and hogs, the processing of each species being separately considered, which do not allow for a reasonable margin of profit to each segment of the processing industry as a group on each such species" (pp. 7596-7).

By Sen. Sparkman to create a Small Defense Plants Administration (pp. 7597-602).

By Sen. Frear regarding State representation in OPS regional offices (p. 7604).

Rejected amendments as follows:

By a vote of 19 to 68, a modified Dirksen amendment regarding rent controls (pp. 7521-31).

By a vote of 33 to 51, a McCarran amendment to repeal laws or portions of laws granting exemptions from the Administrative Procedures Act (pp. 7531-4).

By a vote of 33 to 51, a Dirksen amendment barring any OPS regulation denying to the seller his customary percentage margin of cost of materials based on the period May 24-June 25, 1951 (pp. 7551-4).

By a vote of 19 to 61, a modified Case amendment to exempt from controls prices in retail establishments with gross sales of less than \$50,000 (pp. 7565-71).

A modified Fulbright amendment providing for suspension of price ceilings when the average price of materials drops below a stated point (pp. 7554-8).

A modified Lehman amendment to insert a new section providing for appointment of advisory groups (pp. 7561-5).

By a vote of 25-58, a modified Douglas amendment permitting a maximum 10 percent rollback below the price on the date materials or services were first regulated (pp. 7571-77).

By a vote of 25-57, a Benton amendment adding a new section to create a Plant Construction Authority (pp. 7577-84).

By a vote of 15-67, a Ferguson amendment authorizing certain increases in ceiling prices (pp. 7584-6).

A Ferguson amendment requiring specific and uniform standards in establishing ceiling prices (pp. 7586-7).

A Douglas amendment regarding damages for overcharges (p. 7593).

A Lehman amendment providing authority for Government payments to encourage marginal production (pp. 7593-5).

By a vote of 29-52, a Thye amendment to require approval of the Secretary of Agriculture for ceilings on prices to producers for milk or butterfat used for manufacturing dairy products (pp. 7595-6).

A point of order was sustained against an amendment by Sen. Long authorizing \$50 million for river and harbor and flood control programs (pp. 7602-4).

By a vote of 27-53, a motion by Sen. Long was rejected to reconsider the vote by which the Senate agreed to an amendment (June 27) by Sen. Butler (Nebr.) prohibiting OPS from placing quotas on meat slaughtering (p. D570).

By a vote of 22-57, a Moody amendment in the nature of a substitute for the bill (p. D570).

Sen. Young discussed fluctuations in wheat prices, claimed that OPS has "misrepresented" the position of the farmer, said that price-supports are more important presently than price controls, and urged Congress to permit price controls to expire (pp. 7558-61).

Sen. Maybank discussed and inserted Executive Order 10253, "providing for the improvement of the work of Federal Executive Agencies with respect to statistical information" (pp. 7567-8).

8. CCC AUDIT. Received from GAO the audit report on CCC for fiscal year 1950; to Expenditures in Executive Departments Committee (p. 7516).

9. TEMPORARY APPROPRIATIONS. Sen. McKellar asked unanimous consent for the immediate consideration of H. J. Res. 277, the continuing resolution for appropriations (see item 1), but there was objection and it was referred to the Appropriations Committee (p. 7555).

10. CREDIT UNIONS. Received from Interior Department a proposed bill to extend the provisions of the Federal Credit Union Act to the Virgin Islands; to Banking and Currency Committee (p. 7516).

11. EXPORT CONTROLS. Received from the Commerce Department a report on export controls for the period Jan. 1 to Mar. 31, 1951; to Banking and Currency Committee (p. 7516).

BILLS INTRODUCED

12. FARM LABOR. S. 1767, by Sen. Holland, to amend the definition of agriculture in the Fair Labor Standards Act of 1938 so as to include certain timber-producing activities within such definition; to Labor and Public Welfare Committee (p. 7518).

13. FOREIGN AID. S. J. Res. 80, by Sen. Bennett (for himself and 44 other Senators), to authorize the President to proclaim a special period for intensified voluntary contributions of clothing and kindred supplies in connection with the collection effort of American Relief for Korea, Inc.; to Foreign Relations Committee (p. 7518).
14. FLOOD DAMAGE. S. 1769, by Sen. Thye, to provide for investigation of the claims of certain persons whose lands have been flooded and damaged by reason of fluctuations in the water level of the Lake of the Woods, Minn.; to Judiciary Committee (p. 7518).

ITEMS IN APPENDIX

15. FAMILY FARM. Rep. Beckworth, Tex., inserted Under Secretary McCormick's letter explaining USDA's family farm study, and inserted various letter from PMA Committeemen discussing various problems relating to acreage allotments for small farms (pp. A4160-2).
16. FARM PROGRAM. Rep. Philbin, Mass., inserted Henry I. Broderick's (Mass. Commissioner of Agriculture) speech explaining and favoring increased development of our farm programs (pp. A4147-8).
17. WOOL. Rep. Harrison, Wyo., inserted a Casper (Wyo.) Tribune-Herald editorial opposing ceiling prices on wool and explaining some of the problems of the wool industry (p. A4132).
18. MEAT PRICES. Rep. Forand, R. I., inserted a Woonsocket (R.I.) Call editorial, "The Cattlemen Versus DiSalle" (pp. A4133-4).
Rep. Miller, Nebr., inserted resolutions adopted by the Nebraska Stock Growers Association opposing beef-price roll backs, price and wage controls, and subsidy payments to livestock producers (pp. A4148-9).
19. PRICE CONTROLS. Sen. Hennings, Mo., inserted a St. Louis Post-Dispatch editorial favoring price control if "the people will be asked to shoulder another huge tax increase" (p. A4139).
Sen. Hennings inserted a Washington Post editorial favoring price control and installment credit curbs (p. A4140).
Rep. Bryson, S. C., inserted 2 newspaper editorials favoring continuation of price controls (pp. A4152-3).
20. ST. LAWRENCE SEAWAY. Rep. Van Zandt, Pa., inserted a Tulsa (Okla.) World editorial opposing this proposed project (pp. A4131-2).
21. EXPENDITURES. Rep. Horan, Wash., inserted a constituent's letter urging reductions in Federal expenditures as the "only honest remedy for inflation" (pp. A4132-3).
22. TAXATION. Extension of remarks of Rep. Shafer, Mich., opposing H. R. 4473, the new tax bill (pp. A4149-50).
23. RECLAMATION. Rep. Poulson, Calif., inserted a Los Angeles (Calif.) Daily News editorial, opposing the proposed central Arizona reclamation project (pp. A4145-6).

ples of the earth who are friendly to us that the differences which appear to be so bitter are more superficial than they seem. It is an affirmation of faith in our country and its destiny. It expresses the belief that despite differences of opinion which are inevitable in a democracy, the American people are united as one on the fundamentals which are necessary to enable us to survive as a free people. I ask unanimous consent that this statement may be printed in the body of the RECORD.

Mr. HAYDEN. Mr. President, I simply wish to suggest that in addition to asking that the statement be printed in the RECORD the Senator from Georgia request permission to have it printed as a Senate document. That will be helpful.

Mr. RUSSELL. I make that request. The PRESIDENT pro tempore. Is there objection to the request of the Senator from Georgia? The Chair hears none, and it is so ordered.

The statement is as follows:

TO THE AMERICAN PEOPLE

For the past 7 weeks the Senate committees on Armed Services and Foreign Relations have assiduously examined into the facts and circumstances bearing on the relief of Gen. Douglas MacArthur and on American policy in the Far East.

At a critical juncture in their affairs, the American people had become deeply concerned and sorely confused over events in the Far East. Long pent emotions erupted with the removal from command of an able and brilliant military leader.

When the need for counsel appears imperative, the American people take counsel through their Congress. In this instance, these committees, as an agent of Congress, assumed the responsibility of serving as the medium for informing the people on the formulation of policies and the conduct of operations.

Our Government is one which depends for existence upon the conclusions of an enlightened people. The exhaustive record of our proceedings bears testimony to our faith in our democratic system. This hearing sprang from this concept which we hold to be inherent in our very form of government.

The inquiry has pushed to its very limits a principle to which the American people jealously cling—the right of every man to say what he thinks. In the fullest light of day we have weighed before the world our motives, our doubts, the sources of our strength and of our weakness. From the transcript of our proceedings, momentous counsels taken among ourselves have gone to both our friends and enemies. Such a hearing involves risks, but it also involves rights, and it is the rights which have made the risks inevitable.

To those critics of our form of government who contend that public discussion of such matters creates dissent and breeds confusion, we have a simple answer. Those who are still privileged to breathe the air of freedom utilize such discussions as a means to temper the steel of national determination and unity.

Every informed and patriotic American will agree that there is present in the world a force, an ideology, which seeks to subvert democracy everywhere and degrade man to the role of slave of the state.

No one would deny that when the object of public enlightenment is sought precisely in the area of military strategy, there is a risk of aiding our enemies. Recognizing this danger, the committees have followed procedures carefully designed to minimize the risk

without withholding essential information. Wherever testimony appeared valuable chiefly to a present or potential enemy, the Nation's security has been our paramount concern.

We do not deny that the record compiled is replete with discord and disagreement. We could not conceal this fact and we would scorn to do so if we could. Those who have appeared before us have spoken in forceful terms. Out of their words have appeared disagreements as to policies and a division of opinion as to the course which should have been followed. Some of their criticisms have been harsh and they have spared no one, including themselves. These men spoke strongly because they felt strongly. They differed because they saw things differently and had the courage to say so.

It has been asserted that the cleavages made evident by these hearings have caused confusion at home, dismayed and frightened the free people we hold as friends and has lent encouragement to those who would destroy us.

We believe that our democracy has the vitality to withstand any strains that reflect the tensions of an uneasy world. We are convinced that an open discussion of such differences brings strength and unity of purpose. To the American people we assert these differences in no wise alter the fact that our great objective is still to live within the family of nations as a free people. The Nation will take the record of the hearings. We will study it. We will draw conclusions. We will not all be together on those conclusions. We may differ on the proper policy to be applied to the Far East. We may separate on questions of strategy. We may divide on personalities. But we will be united in our devotion to liberty and justice, be single-minded in our will to preserve our institutions. We hope they may be preserved in peace, but preserve them we shall. We will be together in the defense of our way of life against any alien aggressor.

These hearings have increased our faith in our strength and in our ability. Mistakes may add to the measure of our sacrifices or change the form of the ordeal we may be called upon to endure, but come what may America has the means and the will to enable us to survive. Strengthened by this conviction, let us reject all counsels of defeatism and despair.

TO THE FREE NATIONS

We would also reassure the people of the free world beyond our boundaries—all of those determined not to be enslaved by Communist aggression.

We can understand how even those people whose institutions are most akin to ours may have been concerned over the public discussion into our policies and strategies. The differences of opinion revealed may have raised fateful questions in their minds. Among those peoples less familiar with our system of government, what we have done here may have produced alarm. The rights we casually take for granted are sometimes not understood by those unfamiliar with our traditional methods.

But the free world has no cause for dismay. The fact that we do not always speak with a single voice does not mean that we have weakened in our united purpose. The objectives of the people of the United States are unchanged by anything that has transpired during this ordeal of controversy. We are unshaken in our determination to defend ourselves and to cooperate to the limit of our capabilities with all of those free nations determined to survive in freedom.

TO THE COMMUNIST WORLD

Even as the free world has no reason for dismay, neither should the Communist world be deceived by the searching review given our global strategy. It would be well for those who may contemplate aggression to under-

stand that disagreements among individuals or groups will not deter the American people and their Government from the relentless quest for our ultimate security. The goal of our people and their Government is a permanent world peace. The method by which that goal may be obtained has been, and will continue to be, the subject of disagreement in our democratic society. But if need be, we stand united in readiness to defend ourselves and to cooperate with like-minded peoples against whatever forces may threaten world peace or our freedoms.

If those who threaten us take only a tyrant's lesson from differences among freemen and mistake the temper of our people, they can plunge the world into war. But it would be a war they could never win and which would bring them to ultimate destruction.

The issues which might divide our people are far transcended by the things which unite them. If threatened danger becomes war, the aggressor would find at one stroke arrayed against him the united energies, the united resources, and the united devotion of all the American people.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORT OF A COMMITTEE

As in executive session,

The following favorable report of a nomination was submitted:

By Mr. FREAR, from the Committee on Banking and Currency:

William K. Divers, of Ohio, to be a member of the Home Loan Bank Board for a term of 4 years, expiring June 30, 1955 (re-appointment).

EXTENSION OF DEFENSE PRODUCTION AND HOUSING AND RENT ACTS

The Senate resumed the consideration of the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

Mr. DIRKSEN. Mr. President, I call up my amendment designated "6-25-51-B," the rent stabilization amendment.

The PRESIDENT pro tempore. Does the Senator want the amendment read, or printed in the RECORD without reading?

Mr. DIRKSEN. At the moment, Mr. President, I just call it up.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. WHERRY. As I understand, under the terms of the unanimous consent agreement 1 hour is to be devoted to debate on this amendment, 30 minutes to each side.

The PRESIDENT pro tempore. Yes, 1 hour of debate, with 30 minutes to each side, is provided by the agreement.

Mr. WHERRY. And the time of the proponents will be in charge of the Senator from Illinois [Mr. DIRKSEN] and the time of the opponents will be in charge of the distinguished Senator from South Carolina [Mr. MAYBANK].

The PRESIDENT pro tempore. Yes. Mr. WHERRY. I am wondering if both Senators would consent to a quorum call being had at this time.

Mr. MAYBANK. Mr. President, I think we should have a quorum call now, because this is a most important amendment.

Mr. WHERRY. Mr. President, does the Senator from Illinois yield for that purpose?

Mr. DIRKSEN. I yield.

Mr. WHERRY. I suggest the absence of a quorum, and I ask unanimous consent, Mr. President, that the time consumed in calling the roll be not charged to either side.

The PRESIDENT pro tempore. Is there objection? The Chair hears none.

The absence of a quorum has been suggested, and the clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Green	Mullikin
Anderson	Hayden	Monroney
Bennett	Hendrickson	Moody
Benton	Hennings	Morse
Brewster	Hickenlooper	Mundt
Bricker	Hill	Neely
Bridges	Hoey	Nixon
Butler, Md.	Holland	O'Connor
Butler, Nebr.	Humphrey	O'Mahoney
Eyrd	Ives	Pastore
Cain	Jenner	Robertson
Capehart	Johnson, Colo.	Russell
Carlson	Johnson, Tex.	Saltonstall
Case	Kefauver	Schoeppel
Chavez	Kerr	Smith, Maine
Clements	Elligore	Smith, N. J.
Connally	Knowland	Smith, N. C.
Cordon	Langer	Sparkman
Dirksen	Lehman	Stennis
Douglas	Long	Taft
Duff	Magnuson	Thye
Dworshak	Malone	Tobey
Eastland	Maybank	Underwood
Ellender	McCarran	Watkins
Ferguson	McCarthy	Welker
Flanders	McClellan	Wherry
Frear	McFarland	Wiley
Fulbright	McKellar	Williams
George	McMahon	Young
Gillette		

Mr. JOHNSON of Texas. I announce that the Senator from Wyoming [Mr. HUNT] is absent on official business.

The Senator from South Carolina [Mr. JOHNSTON] is absent on official committee business.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on official business, having been appointed a representative of our Government to attend the International Labor Conference being held in Geneva, Switzerland.

The Senator from Florida [Mr. SMATHERS] is absent because of illness.

Mr. SALTONSTALL. I announce that the Senator from Montana [Mr. ECTON] and the Senator from Massachusetts [Mr. LODGE] are absent on official business.

The Senator from Pennsylvania [Mr. MARTIN] is absent because of illness.

The PRESIDENT pro tempore. A quorum is present.

The Senator from Illinois [Mr. DIRKSEN] is recognized for 30 minutes.

Mr. IVES. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. IVES. The Senator from New York would like to inquire as to exactly what amendment we are now consider-

ing. Is it the amendment designated "6-25-51-B," offered by the junior Senator from Illinois?

The PRESIDENT pro tempore. The Senator from New York is correct.

Mr. DIRKSEN. Mr. President, the amendment which is pending is rather lengthy, and I suggest, in the interest of economizing on time, that it be not read, because I think an adequate explanation can be made of what the amendment is designed to do.

The PRESIDENT pro tempore. Without objection, the amendment will be printed in the RECORD in full at this point.

Mr. DIRKSEN's amendment was, to strike out section 5 of the bill and to insert in lieu thereof the following:

SEC. 105. The Defense Production Act of 1950 is amended by inserting immediately after title IV thereof the following title IV-A:

"TITLE IV-A—RENT STABILIZATION

"SEC. 451. The Congress recognizes that there is and may be a shortage of rental housing in certain areas of the country as a result of defense activities in those areas. It is therefore the intention of Congress to provide necessary authority to stabilize rents for housing accommodations in such areas, and to prevent speculative, unwarranted, and abnormal increases in rent for, and unwarranted evictions from, such accommodations.

"SEC. 452. (a) The President is hereby authorized to establish and maintain maximum rents in rent-control areas. In establishing maximum rents under this title, the President shall be governed by the following provisions:

"(1) For housing accommodations, in any rent-control area or portion thereof, which had a maximum rent in effect under the Housing and Rent Act of 1947, as amended, immediately prior to the effective date of this title, the maximum rent shall not be less than the annual rent for any given year selected by the owner of the accommodation multiplied by the cost-of-living correction increment for the appropriate year in accordance with the following schedule: 1943, 1.37; 1944, 1.35; 1945, 1.32; 1946, 1.25; 1947, 1.22; 1948, 1.16; 1949, 1.12: *Provided, however*, That in no event shall the maximum rent be lower than the highest rent legally received for that accommodation during the period from January 1, 1942, to June 24, 1950.

"(2) For housing accommodations, in any rent-control area or portion thereof, which had no maximum rent in effect under the Housing and Rent Act of 1947, as amended, the maximum rent shall not be less than the rents prevailing for such housing accommodations or comparable housing accommodations on June 24, 1950.

"(b) Subject to the limitations of paragraph (a) of this section, the President may make such individual and general adjustments increasing or decreasing any maximum rents on housing accommodations established under this title, in any rent-control area or any portion thereof, or with respect to any housing accommodations or any class of housing accommodations within any such area or any portion thereof, as may be necessary to remove hardships or to correct other inequities, or further to carry out the purposes and provisions of this title: *Provided, however*, That in the case of an individual adjustment increasing a maximum rent, the landlord certifies that he is maintaining all services required under this title at the time of application for adjustment and that he will continue to maintain such services so long as the adjustment in such maximum rent which may be granted continues in effect.

"(c) In order to help assure fair adjustments for tenants and small landlords, the President is authorized and directed to designate for every rent-control area an officer whose functions shall be to assist tenants and small landlords by—

"(A) informing them concerning the conditions under which rent adjustments may be obtained;

"(B) helping in the preparation of applications for rent adjustments; and

"(C) providing them with such other information and services as may be necessary and appropriate.

"(d) Nothing in this title shall be interpreted or construed to prohibit, in the case of any rental agreement hereafter entered into, the demand, collection, or retention of a security deposit, if said deposit does not exceed the rent for 1 month in addition to the otherwise authorized collection of rent in advance if the demand, collection, or retention of such a security deposit was an accepted rental practice prior to June 24, 1950, in the area in which the premises are located, or was customarily required before that date by the same landlord in the renting of the particular housing accommodations involved, and if the tenant is allowed, under the terms of the rental agreement, to occupy the premises for the period covered by the security deposit without further payment of rent.

"(e) (1) The President, upon recommendation of a local advisory board, or upon his own initiative, is hereby authorized to remove any or all maximum rents, in any rent control area or portion thereof, or with respect to any class of housing accommodations in any such area or portion thereof, whenever in his judgment it is no longer necessary, to effectuate the purposes of this title, to continue maximum rents in such area or portion thereof or with respect to such class of housing accommodations.

"(2) (i) Whenever the Governor of any State advises the President that the legislature of such State has adequately provided for the establishment and maintenance of maximum rents, or has specifically expressed its intent that State rent control shall be in lieu of Federal rent control, with respect to housing accommodations within defense-rental areas in such State and of the date on which such State rent control will become effective, the President shall immediately make public announcement to the effect that he has been so advised. At the same time all rent controls under this act as amended, with respect to housing accommodations within such State shall be terminated as of the date on which State rent control is to become effective. As used in this subsection, the term "State" means any State, Territory, or possession of the United States.

"(ii) If any State by law declares that Federal rent control is no longer necessary in such State or any part thereof and notifies the President of that fact, the President shall immediately make public announcement to the effect that he has been so advised. At the same time all rent controls under this act, as amended, with respect to housing accommodations within such State or part thereof shall be terminated on the 15th day after receipt of such advice. As used in this subsection, the term "State" means any State, Territory, or possession of the United States.

"(iii) The President shall terminate the provisions of this title in any incorporated city, town, village, or in the unincorporated area of any county upon receipt of a resolution of its governing body adopted for that purpose in accordance with applicable local law and based upon a finding of such governing body reached as the result of a public hearing held after 10 days' notice, that there no longer exists such a shortage in rental-housing accommodations as to require rent control in such city, town, village, or unincorporated area in such county:

Provided, That where the major portion of a defense-rental area has been decontrolled pursuant to this paragraph (iii), the President shall decontrol any unincorporated locality in the remainder of such area.

"(iv) Whenever the governing body of any incorporated city, town, village, or an unincorporated area of any county advises the President that it has, in accordance with applicable local law, adequately provided for the establishment of and maintenance of maximum rents, or has specifically expressed its intent that local-rent control shall be in lieu of Federal rent control and of the date on which such local control will become effective, the President shall immediately make public announcement of the fact that he has been so advised. At the same time all rent controls under this act, as amended, with respect to housing accommodations within such locality shall be terminated as of the date on which State rent control is to become effective.

"(3) Maximum rents in any critical defense housing area shall be terminated at such time as the Secretary of Defense and the Director of Defense Mobilization, acting jointly, shall determine and certify to the President that such area is no longer a critical defense housing area, or as otherwise provided in this subsection (e) or subsection (b) of section 453: *Provided, however*, That in any area where maximum rents are removed under the procedures provided in said subsections, maximum rents may be reestablished after the expiration of 30 days on the determination and certification of the Secretary of Defense and the Director of Defense Mobilization, acting jointly.

"(f) Except as otherwise specifically provided, as used in this title—

"(1) The term 'housing accommodations' means any building, structure, or part thereof, or land appurtenant thereto, or any other real or personal property rented or offered for rent for living or dwelling purposes (including houses, apartments, hotels, rooming- or boarding-house accommodations, and other properties used for living or dwelling purposes) together with all privileges, services, furnishings, furniture, and facilities connected with the use or occupancy of such property.

"(2) The term 'controlled housing accommodations' means housing accommodations on which a maximum rent is in effect under this title in any rent control area.

"(3) The term 'Rent control area' means—

"(i) any area in the United States, its Territories and possessions, designated by the President as a critical defense area where, in the judgment of the Secretary of Defense and the Director of Defense Mobilization, rent stabilization is necessary to effectuate the purposes of this title by reason of the existence in such area of the following conditions:

"(A) a new defense plant or installation has been or is to be provided, or an existing defense plant or installation has been or is to be reactivated or its operation substantially expanded;

"(B) substantial in-migration of defense workers or military personnel is required to carry out activities at such plant or installation; and

"(C) a substantial shortage of rental housing required for such defense workers or military personnel exists or impends which impedes or threatens to impede activities at such defense plant or installation; or

"(ii) any State which by law declares that there exists such a shortage in rental housing accommodations as to require Federal rent control in such State; or

"(iii) any incorporated city, town, village, or any unincorporated area of any county (other than a city, town, village, or unincorporated area within a State which is controlling rents) which transmits to the President a

resolution of its governing body adopted for that purpose in accordance with applicable local law and based upon a finding by such governing body, reached as a result of a public hearing held after 10 days' notice, that there exists such a shortage in rental housing accommodations as to require Federal rent control in such city, town, village, or unincorporated area in such county.

"(4) The term 'rent' means the consideration, including any bonus, benefit, or gratuity demanded or received for or in connection with the use or occupancy of housing accommodations, or the transfer of a lease of housing accommodations.

"(g) No maximum rents shall be established under this title for housing accommodations in any State where rent control is in effect or in any locality where local rent control is in effect, unless the rent component of the Consumers' Index of the Bureau of Labor Statistics for such State or locality has increased more than the United States average of the rent component of such index during the last 6 months for which such index is available immediately preceding the establishment of such maximum rents. The rent component of the Consumers' Index of the Bureau of Labor Statistics for any State shall be the average weighted by population as determined by the Bureau of Labor Statistics for all reported cities in the State, except that where only one city is reported, the rent component for the State shall be the rent component for that city. Upon the establishment of a maximum rent pursuant to this title for any housing accommodation in a State in which State rent control is in effect, State rent control shall thereupon terminate. Upon the establishment of maximum rents pursuant to this title for housing accommodations in a locality in which local rent control is in effect, local rent control shall thereupon terminate. The rent components for any locality subject to local rent control shall be the rent component as established by the Bureau of Labor Statistics for that locality. Where data concerning rents have not been heretofore collected for a city in a State having State rent control or for a particular locality which has local rent control, the President may cause a survey to be made by the Bureau of Labor Statistics for the purpose of establishing a rent component for that State or locality. For the purposes of this subsection, State rent control shall be deemed in effect in any State in which maximum rents may be established pursuant to State law throughout the State and are in effect in any part of the State, regardless of whether maximum rents are actually in effect in every locality of the State.

"(h) Whenever an area has been certified under subsection (1) to be a critical defense housing area real-estate construction credit controls imposed until title VI of the Defense Production Act of 1950 shall be relaxed to the extent necessary to encourage construction of housing for defense workers and military personnel. The fact that any area has been certified as a critical defense housing area under subsection (1) shall not make such area ineligible for the location of additional defense plants, facilities, or installations, or as a source of additional military procurement of any sort.

"Sec. 453. (a) The President is authorized and directed to create local advisory boards or to continue in existence local advisory boards created under the Housing and Rent Act of 1947, as amended, in any rent-control area or portion thereof in which rents of housing accommodations are being regulated under this title. The President shall, whenever in his judgment there is need therefor, create or continue in existence such local advisory boards in any rent-control area or portion thereof in which rents for housing accommodations are not being regulated under this title. Each such board shall consist

of not less than five members who are citizens of the area and who, insofar as practicable, as a group are representative of the affected interests in the area, to be appointed by the President from recommendations made by the respective governors: *Provided*, That in any case where the governor has made no recommendation for original appointments to local advisory boards or appointments to fill vacancies within 30 days after request therefor (subsequent to the effective date of this title) the President shall without such recommendations appoint the original members of such boards or such members as may be required to fill vacancies. Nothing in the foregoing provisions shall require the reappointment of present members of local advisory boards, but any change in membership of any local advisory board shall be effectuated as promptly as may be practicable after the need for appointment shall arise.

"(b) Such boards may make such recommendations to the President as to housing accommodations within their jurisdiction as they may deem advisable with respect to the establishment, reestablishment, continuation, or removal of maximum rents, general adjustments of maximum rents, and operations generally of local rent offices (including recommendations for changes in the regulations, operating procedures, and recommendations as to rent adjustments in individual cases). The President shall give immediate consideration to the recommendations of local advisory boards, and if such recommendations are appropriately substantiated he shall promptly take measures to place such recommendations in effect.

"For the purposes of this paragraph any recommendation of a local board as to a matter referred to herein shall be deemed to be appropriately substantiated and in accordance with applicable law and regulations and shall be carried into effect as hereinafter provided—

"(A) if the local board held a public hearing on such matter at which interested persons (including representatives of the State and of political subdivisions thereof) were given a reasonable opportunity to be heard, by pleadings or otherwise, with right to be represented by counsel;

"(B) if notice of the date, time, place, and purpose of such hearing was given (i) in writing to the Governor of the State not less than 15 days prior to such date, and (ii) by publication in a newspaper of general circulation in the area over which the local board has jurisdiction at least 15 days prior to such date, and a second notice was given by publication in such a newspaper at least 5 days prior to such date;

"(C) if a copy of the local board's recommendation was filed with the Governor of the State within 5 days after such recommendation was mailed to the President;

"(D) if a record is made of the evidence adduced at the public hearing held by the local board, and the local board certifies and transmits to the President, with such recommendation, a transcript of such record, or of those parts of such record, upon which its recommendation is based and a written statement of its findings made upon the basis of such records; and

"(E) if the record so certified and transmitted to the President contains evidence to support the findings and recommendation of the local board.

"(c) The President shall furnish the local advisory boards suitable office space, stenographic assistance and reporting services for public hearings (including attendance fees) and shall make available to such boards any records and other information in the possession of the President with respect to the establishment and maintenance of maximum rents and housing accommodations in the respective rent-control areas which may be requested by such boards.

"Sec. 454. (a) At any time within 6 months after the effective date of any regulation or within 60 days of the effective date of any order relating to rent control under this title, or in the case of new grounds arising after the effective date of any such regulation relating to rent control, within 6 months after such new grounds arise, any person subject to any provision of such regulation or order may, in accordance with regulations to be prescribed by the President, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. Statements in support of any such regulation or order may be received and incorporated in the transcript of proceedings at such times and in accordance with such regulations as may be prescribed by the President. Within a reasonable time after the filing of any protest under this section, but in no event more than 30 days after such filing, the President shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith. In the event that the President denies any such protest in whole or in part, he shall inform the protestant of the grounds upon which such decision is based and of any economic data and other facts of which the President has taken official notice.

"(b) In the administration of this title, the President may take official notice of economic data and other facts, including facts found by him as a result of action taken under section 705 of the act.

"(c) Any proceedings under this section may be limited by the President to the filing of affidavits, or other written evidence and the filing of briefs. Any protest filed under this section shall be granted or denied by the President, or granted in part and the remainder of it denied within a reasonable time after it is filed. Any protestant who is aggrieved by undue delay on the part of the President in disposing of his protest may petition the Emergency Court of Appeals for relief; and such court shall have jurisdiction by appropriate order to require the President to dispose of such protest within such time as may be fixed by the court and if the President does not act finally within the time fixed by the court, the protest shall be deemed to be denied at the expiration of that period.

"Sec. 455. As to any person aggrieved by the denial or partial denial of his protest by an order issued on or after the effective date of this title section 408 of this act shall apply, except that for the purposes hereof the references in section 408 to sections 407, 409, and 706, shall mean sections 455, 456, and 457, respectively, and the term 'price controls' shall mean 'rent controls.'

"Sec. 456. (a) Any person who demands, accepts, receives, or retains any payment of rent in excess of the maximum rent prescribed under the provisions of this title, or any regulation, order or requirement thereunder, shall be liable to the person from whom such payment is demanded, accepted, received, or retained (or shall be liable to the United States as hereinafter provided) for reasonable attorney's fees and costs as determined by the court, plus liquidated damages in the amount of (1) \$50, or (2) not more than three times the amount by which the payment or payments demanded, accepted, received, or retained exceed the maximum rent which could lawfully be demanded, accepted, received, or retained as the court in its discretion may determine, whichever in either case may be the greater amount: *Provided*, That the amount of such liquidated damages shall be the amount of the overcharge or overcharges if the plaintiff fails to prove that the violation was willful.

"(b) Any person who unlawfully evicts a tenant shall be liable to the person so evicted (or shall be liable to the United States as

hereinafter provided) for reasonable attorney's fees and costs as determined by the court, plus liquidated damages (calculated on a monthly basis) in the amounts of (1) 1 month's rent or \$50, whichever is greater, or (2) not more than three times such monthly rent, or \$150, whichever is greater: *Provided*, That the amount of such liquidated damages shall be the amount of 1 month's rent if the plaintiff fails to prove that the violation was willful.

"(c) Suit to recover liquidated damages as provided in this section may be brought, notwithstanding any other provisions of this act, in any Federal court of competent jurisdiction regardless of the amount involved, or in any State or Territorial court of competent jurisdiction, within 1 year after the date of violation. For the purpose of determining the amount of liquidated damages to be awarded to the plaintiff in an action brought under subsection (a) of this section, all violations alleged in an action under said subsection (a) which were committed by the defendant with respect to the plaintiff prior to the bringing of such an action shall be deemed to constitute one violation and, in such action under subsection (a) of this section, the amount demanded, accepted, received, or retained in connection with such one violation shall be deemed to be the aggregate amount demanded, accepted, received, or retained in connection with all such violations. A judgment for damages or on the merits in any action under either subsection (a) or (b) of this section shall be a bar to any recovery under the same subsection of this section in any other action against the same defendant on account of any violation with respect to the same person prior to the institution of the action in which such judgment was rendered.

"Sec. 457. (a) It shall be unlawful for any person to demand, accept, receive, retain, or pay any rent for the use or occupancy of any controlled housing accommodations in excess of the maximum rent prescribed under this title, or otherwise to do or omit to do any act, in violation of this title, or of any regulation or order or requirement under this title, or to offer, solicit, attempt, or agree to do any of the foregoing.

"(b) It shall be unlawful for any person to evict, remove, or exclude or cause to be evicted, removed, or excluded any tenant from any controlled housing accommodations in any manner or upon any grounds so long as the tenant continues to pay the rent to which the landlord is entitled, unless—

"(1) under the law of the State in which the action or proceeding is brought the tenant is (A) violating the obligation of his tenancy (other than an obligation to pay rent higher than rent permitted under this act or an obligation to surrender possession of such housing accommodations) or (B) is committing a nuisance in such housing accommodations or using such housing accommodations for an immoral or illegal purpose or for other than living or dwelling purposes;

"(2) the landlord seeks in good faith to recover possession of such housing accommodations for his immediate and personal use and occupancy as housing accommodations;

"(3) the landlord has in good faith contracted in writing to sell the housing accommodations to a purchaser for the immediate and personal use and occupancy as housing accommodations by such purchaser;

"(4) the landlord seeks in good faith to recover possession of such housing accommodations (A) for the immediate purpose of substantially altering or remodeling the same for continued use as housing accommodations, or for the immediate purpose of conversion into additional housing accommodations, and the altering, remodeling, or conversion cannot practically be done with the tenant in occupancy, and the landlord has obtained such approval as may be required

by Federal, State, or local law for the alterations, remodeling, or any conversion planned, or (B) for the immediate purpose of demolishing such housing accommodations;

"(5) the landlord seeks in good faith to recover possession of such housing accommodations for the immediate purpose of withdrawing such housing accommodations from the rental market, and such housing accommodations shall not thereafter be offered for rent as such; or

"(6) the housing accommodations have been acquired by a State or any political subdivision thereof for the purpose of making a public improvement and are rented temporarily pending the construction of such improvement.

"(c) Notwithstanding any other provision of this act, the United States or any State or local public agency may maintain an action or proceeding to recover possession of any housing accommodations operated by it where such action or proceeding is authorized by the statute or regulations under which such accommodations are administered: *Provided*, That nothing in this subsection shall be deemed to authorize the maintenance of any such action or proceeding upon the ground that the income of the occupants of the housing accommodations exceeds the allowable maximum unless such income, less any amounts paid to such occupants by the Veterans' Administration on account of service-connected disability or disabilities, exceeds the allowable maximum.

"(d) No tenant shall be obliged to surrender possession of any housing accommodations pursuant to the provisions of paragraph (2), (3), (4), (5), or (6) of subsection (a) until the expiration of at least 60 days after written notice from the landlord that he desires to recover possession of such housing accommodations for one of the purposes specified in such paragraphs.

"(e) Any person who lawfully gains possession from a tenant of any controlled housing accommodations, and thereafter fails fully to comply with such requirements or conditions as may have been imposed for such possession by the provisions of this title or any regulation, order, or requirement thereunder, shall also be deemed to have unlawfully evicted such tenant and shall be liable to such tenant, or to the United States, as provided in this title. It shall also be unlawful for any person to remove or attempt to remove from any controlled housing accommodations the tenant or occupant thereof or to refuse to renew the lease or agreement for the use of such accommodations, because such tenant or occupant has taken, or proposes to take, action authorized or required by this title or any regulation, order, or requirement thereunder.

"(f) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 457 of this title, he may make application to any Federal court of competent jurisdiction regardless of the amount involved, or to any State or Territorial court of competent jurisdiction, for an order rejoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order, with or without such injunction or restraining order, shall be granted without bond.

"Sec. 458. Whenever in the judgment of the President such action is necessary or proper in order to effectuate the purposes of this title, he may, by regulation or order, regulate or prohibit speculative or manipulative practices or renting or leasing practices in connection with any controlled hous-

ing accommodations, which in his judgment are equivalent to or are likely to result in rent increases inconsistent with the purposes of this act.

"Sec. 459. The President shall administer the authority contained in this title through the new independent agency created pursuant to section 403 of this act.

"Sec. 460. Nothing in this title shall be construed to require any person to offer any accommodations for rent.

"Sec. 461. As to offenses committed or rights or liabilities incurred prior to the termination of this title, the provisions of this title and regulations, orders, and requirements thereunder shall be treated as still remaining in full force for the purpose of sustaining any proper suit, action, or prosecution with respect to any such right, liability, or offense, notwithstanding the termination of this title in accordance with section 1 (b) of this act.

"Sec. 462. (a) Section 204 (f) of the Housing and Rent Act of 1947, as amended, is amended by striking out 'June 30, 1951' and inserting in lieu thereof 'August 31, 1951.'

"(b) Section 4 (e) of the Housing and Rent Act of 1947, as amended, is amended by striking out 'June 30, 1951' and inserting in lieu thereof 'February 29, 1952.'"

Mr. DIRKSEN. Mr. President, briefly to review the history of rent control, the first act on the subject was passed in 1942. The second act was passed in 1947, when the Congress—I think rather wisely—included decontrol provisions. Then we had the act of 1950; then a 90-day extension in 1951; and now it is proposed to extend rent control for another period of 8 months, to the 1st of March, 1952.

As the existing rent-control statutes now stand, it would apply roughly to three and three-quarters million people in the country, in some 1,700 communities which embrace a population of, roughly, 27,000,000.

The committee certainly was not satisfied with the administration of the present Rent Control and Housing Act. Consequently it proposes to amend that act rather substantially, according to the committee print presently pending before the Senate.

I should like to sketch briefly what the committee bill does. It simply continues the old Rent Control Act. Areas which have heretofore been decontrolled by State or local action may be recon- trolled. It would provide a 20-percent increase in rents, but that would include, of course, any increase which had been previously granted, so that in many cases it would be nothing more than a 5-percent increase.

The bill provides for control or recon- trol in critical defense areas of all types of housing, whether it be hotels, motels, or standard housing. That could be done at the instance of the Defense Mobilizer and the Secretary of Defense, acting conjointly.

In my considered judgment, the logical thing to do if we are ever to solve the housing problem, and particularly the rental-housing problem, is to repeal the rent-control statute out of hand. I am not so sure whether Congress wishes to take that particular action or not, but certainly the committee is sensible of the fact that rent control does not solve the housing problem, for on page 23 of

the committee report there is this statement:

Your committee is well aware that rent control is not the answer to a housing shortage. The only real solution is the building of additional housing.

That is sensible, and it is a very forth- right approach. If we are to continue rent control much longer, I am afraid we are going to get into the permanently rigid situation which obtains in France at the present time. In France a rent control act was put on the books through the Chamber of Deputies in 1916. It has been on the books for more than 34 years. If I had to point out a single item which has retarded the development of the Republic of France, it would be their rent control statute. The situation finally became so bad, and there was such a regressiveness in the building field, that only within the past year the Chamber of Deputies has amended the act to provide for six rent increases over a period of 3 years, each one not to exceed 20 percent. That means that France has finally recognized what has come about in the economy of the country as a result of rent control. Therefore it has authorized increases which aggregate 120 percent.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. DIRKSEN. I should like to continue for a moment, because there will be 30 minutes on the other side.

As we look at the rent control and rent picture in our own country, I make so bold as to say that from the figures which have been submitted to the Committee on Banking and Currency the effect on the living index has been smaller than it was 10 years ago. Two hundred and thirty-one of the largest communities in the country have decontrolled under the 1947 act. Eight States have decontrolled entirely, and seven additional States have substantially decontrolled. There has been no skyrocketing of rents, as was prophesied by the Expediter. If we read the statements of the mayors of cities like Long Beach, Oklahoma City, Spokane, Santa Monica, and Boise, it will be found that there has been no skyrocketing of rents, as was prophesied and indicated by the Expediter some years ago.

Frankly the power is always in the State to decontrol if it wishes to do so. There is on the floor today the distinguished former Governor of Kansas, Mr. CARLSON. He can tell us from his own experience that his own legislature dealt with the problem in the communities of his own State, and it dealt very effectively with it.

I believe one figure is very significant. Since Korea, during a period when so many irresponsible statements have been made and there has been a rather interesting moving passion in the country, 279 decontrol actions have been taken by cities. Only within the past few weeks the city of Moline, Ill., in the very shadow of the largest arsenal in the United States, at Rock Island, decontrolled. There has been no umbrage taken because of such action. No one will allege that the mayors, city councils, and the governing bodies of our communities,

counties, or cities are insensible to the welfare of their people. Two hundred and seventy-nine communities have taken decontrol action since Korea.

In my judgment, Mr. President, rent control only restricts the building of rental housing. The 1950 census report will show that we had a little over 19,- 659,000 tenant-occupied units in 1940. In 1950 we had 19,136,000. We actually lost 523,000 units. The figures do not take into account the fact that during that period something over 3,000,000 rental units were built. It can be seen that rental properties are not being produced under the restrictive provisions of rent control. No one will take the chance, and the result is the stalemating and stymying of building of rental housing.

We have done pretty well in the housing field. In the last 10 years we built 8½ million units, which is an increase of 23 percent in the building of housing accommodations, whereas the population has increased by only 14 percent. I fancy that if we were to remove rent control entirely, there would be a redistribution of properties today. There would be enough for everybody, and we would see the problem adjust itself.

However, I would be less than candid if I did not say that the smaller landlords have received pretty shabby treatment under control, certainly not cognizant with the kind of treatment accorded to every other economic activity in the country under the control act enacted in 1942.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. DIRKSEN. Yes. May I inquire how much of my 10 minutes I have remaining?

Mr. BRICKER. Is it not correct to say that there is now more living-unit foot space per unit of population in the United States than ever before?

Mr. DIRKSEN. Yes. Those were the figures which were represented to the Committee on Banking and Currency.

My amendment would terminate the present Rent Control Act. It would delegate to the President the power to impose rent control in areas, judged by certain criteria, which are considered to be critical defense housing areas. If, for instance, there is a large immigration of defense workers, if there is a reactivation of a defense plant or a military installation, if the legislature says that there is need for additional housing, and if the city council says so, the President can by those standards move in and impose controls.

My amendment also relaxes construction credits, and provides that rents shall not be less than rents based upon any year which the landlord may select, multiplied by a factor which recognizes increases in cost, which I believe he should be entitled to just as much as any other enterpriser in any other field of activity.

Finally my amendment provides for hardship adjustments.

The PRESIDENT pro tempore. The 10 minutes which the Senator has allotted to himself have expired.

Mr. DIRKSEN. I yield myself an additional half minute. That is the situation. I believe my amendment in the nature of a substitute is infinitely more satisfactory than the provisions found in the bill. It removes the danger of the building of rental properties being ultimately put in a strait-jacket. I believe we must make up our minds whether we are to have rental housing at modest rental rates or extremely low rents and no housing. The latter is the course which France pursued. I do not wish to see our country pursue the same course.

Mr. President, I am now glad to yield to either the Senator from Washington or the Senator from Ohio, unless the other side wishes to take some time.

Mr. MAYBANK. If it is agreeable to the Senator from Illinois and to the Senator from Ohio, I would prefer to retain my time until the proponents of the amendment have completed their presentation.

Mr. DIRKSEN. We shall be glad to take a little more time on this side. Then I suggest that the opposition take some time. We will take 10 more minutes. Then I suggest that the opposition take a little time. I yield 10 minutes to the Senator from Washington [Mr. CAIN].

Mr. MAYBANK. When the Senator from Washington has completed his statement I shall yield to the Senator from New York [Mr. LEHMAN].

Mr. DIRKSEN. The Senator from South Carolina yields some time to the Senator from New York?

Mr. MAYBANK. Yes.

Mr. CAIN. Mr. President, the junior Senator from Washington expects to support and vote for the amendment offered by the junior Senator from Illinois [Mr. DIRKSEN], for his amendment is preferable to the Federal rent-control section designed by the committee, as found in S. 1717.

The junior Senator from Washington, however, believes that any system of Federal rent regulation is presently unwarranted and at variance with the Nation's economic and social welfare as it relates to shelter in which our citizens live as tenants.

Mr. President, this Nation can have rent control or it can have rental facilities. It cannot have both.

Four years of war and six years of postwar experience with Federal rent control finds this Nation with 3,500,000 fewer rental units than it had in 1940.

Ten years of rent control has reduced America's ability to provide rental shelter for 11,000,000 American families. More home owners. Yes. More housing? Yes. More rental units? No.

Where has shelter for 11,000,000 American families gone? Units have disappeared from the rental market because of sales to owner-occupants or because of conversion for commercial use, or they have simply been locked up, taken off the market, and not offered for rent.

We can never meet the demand for shelter or solve what others insist is an "acute housing shortage" if we continue to impose regulations and controls which shrink, reduce, and destroy the very

commodity we seek to provide in greater quantity.

In the middle 1920's 42 percent of all non-farm-dwelling units constructed were built for rent, and this was done, I might add, without benefit of any Government incentives. During the last 3 years under rent control only 19 percent of the housing constructed was built for rent, and almost every single unit of those rental facilities was underwritten by Government-guaranteed mortgages, in many cases to 100 percent of the cost.

The very obvious and only conclusion to be drawn from these figures is that, given a free market, investors have produced and will produce rental dwellings. Impose controls, or the fear of controls, and risk capital will not venture forth.

Eight sovereign States have no Federal rent control. They are Alabama, Arizona, Nebraska, New York, Texas, Utah, Virginia, and Wisconsin.

Seven other States have only 1 or 2 communities or counties remaining under Federal rent control. They are Arkansas, Idaho, Kansas, Mississippi, Nevada, Oklahoma, and Oregon.

The world's largest city, New York City, has no Federal control. Los Angeles, third largest city in the United States, is decontrolled, with no Federal or local rent control of any kind.

Mr. LEHMAN. Mr. President, will the Senator yield for a question?

Mr. CAIN. I am sorry; my time is very precious.

One thousand four hundred American communities have removed controls; 95 of the 231 largest cities have removed controls.

Of the 17,000,000 units which were at one time under Federal control, there remain approximately 6,000,000. In every community, in every city, in every State where controls have been removed, we find and can prove:

First. Accelerated housing production.

Second. Facilities now offered for rent, which were previously held for sale only.

Third. Reappearance on the market of locked-up rental units.

Fourth. Readjustment and revision of space needs, previously hoarded.

Fifth. Constantly diminishing number of evictions.

Sixth. Better owner-tenant relations.

Seventh. Repairs, remodeling, and renovation have been stimulated.

Eighth. A modest over-all average rental increase.

Proponents or advocates of Federal rent control will argue, and in many cases most sincerely, the need of regulation for any of a number of reasons. Few of those reasons, to me, are based on logic. Most of their so-called reasons are pure emotion, folklore, or misinformation. The junior Senator from Washington asserts—and he welcomes contradiction—that every valid reason advanced for Federal controls can be applied just as well, and far better, to having controls determined and administered at the local community level. Until 1941-42, the ownership, the management, and conduct of real property in America has been historically subject to and regulated by local ordinance or

State statute. If and where expanding employment in defense industry, or increased population at military establishments take place, to the end that regulation and control of rents is demonstrably shown and needed, that determination and that regulation can best be administered equitably, with justice to owner and tenant, by the community or by its parent State.

We all agree that there was no housing shortage in 1940. An analysis of the figures presented in the census bulletins has just been published by John and Richard Usher, contractors and engineers, located at 6313 Wentworth Avenue, Chicago 21. The results of their study are both interesting and enlightening. Among the findings are the following:

First. The number of dwellings increased 23.6 percent.

Second. The population increased only 14.5 percent.

Third. The increase in the number of dwellings exceeded by 2,000,000 the increase in the number of families.

Fourth. The number of dwellings occupied by owners increased 8.2 millions.

Fifth. The number of dwellings occupied by tenants decreased 0.5 millions.

Sixth. The number of vacant dwellings rose from 2.5 millions to 3.4 millions.

Seventh. The number of dwellings occupied by only one person increased 45 percent, reaching in 1950 the astounding total of 3.9 millions.

The Government figures provided by the Census Bureau—and no one, to my knowledge, has yet taken exception to or contradicted them—now positively prove for the first time that rent control is wholly responsible for the misuse of housing space and the maldistribution of the people—a situation which is being called a housing shortage.

Let us consider that, prior to rent control, thousands of rental units in every big city were occupied by two or more single working girls or by two bachelors. Shortly after rents were frozen, the incomes of those people were, on the average, greatly increased. Figures show that these single people quickly dispersed, to occupy more of the available rental housing. With rentals frozen and costs increasing, owners sought to rent their vacancies to the least number of people, and continued so to do.

There is not, today, in my opinion, a housing shortage. There is, however, a serious maldistribution of rental space, caused and continued by Federal rent control. The decontrol of Los Angeles, which had the largest percentage increase in population in the last 10 years, and which is the third largest city in the United States, is proof that decontrol quickly cures the so-called housing shortage.

The Federal Government should get out of, and stay out of, the privately owned real-property-management business. Its 10 years' experience in this field has driven shelter from the market; it has stifled investment in the production of new rental facilities; it has hurt millions of low-income, elderly people, who, through a lifetime of thrift,

have provided their own social security, their own unemployment insurance, by acquiring small rental facilities; it has permitted high-income wage earners to live upon low-income owners; and, may I say, parenthetically, that there are just as many owners with incomes of less than \$2,000 as there are tenants.

The PRESIDENT pro tempore. The time of the Senator from Washington has expired.

Mr. CAIN. May I have a minute more?

Mr. DIRKSEN. I yield 1 minute to the Senator.

The PRESIDENT pro tempore. The Senator from Washington is recognized for one more minute.

Mr. CAIN. I am very grateful.

So, Mr. President, if I believed that rent control would maintain low monthly rentals, while at the same time adding to the supply of dwellings for rent, I should be strongly in support of it. But 10 years' experience has proved that Federal rent control has done no such thing. I am, therefore, convinced that this Nation can either have rent control or have rental facilities—it cannot have both. The choice remains with the Congress.

Mr. President, with reference to two questions which have sometimes been raised, the questions as to who has raised the rents, and for what reason, I ask unanimous consent to have printed in the RECORD as a part of my remarks a brief statement on that subject.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR CAIN

Every proponent of further Federal rent control dwells at length on the abnormal and unconscionable rental increases that have and will take place with the removal of rent control. Increases of 30, 40, yes, 50 percent are enumerated and mentioned as common practice among gouging landlords. They emphasize that these exorbitant increases are most common among the low-income tenant groups.

The junior Senator from Washington would like to get the record straight on this business of who is raising rents on whom—and how much.

Let us take a look at the Federal Government in its role of a landlord. Our Government is in the rental business all over the land, either directly or as the copartner of many municipal housing authorities in the administration and management of subsidized, low-rent public housing.

I hold in my hand a letter dated June 1, 1951, from Mr. J. Gilbert Scheib, executive director of the Housing Authority of New Orleans, addressed to Mr. J. Clarence Hirsch, president of the New Orleans Real Estate Board. The letter explains the new increased rent schedule for six public housing projects in New Orleans, to be effective July 1, 1951. I read:

"In further explanation of the foregoing, the present minimum rent is \$10 a month commencing at an annual income of \$705 or less if there are fewer than three minors and commencing at an annual income of \$846 or less if there are three or more minors.

"Effective July 1, 1951, the Authority will put into effect a revised schedule of income and rentals based upon the provisions of title III of the 1949 Housing Act.

"Rent is based upon 23 percent of income for all tenants. The minimum rent after July 1 will be \$15 a month, with an increase

of \$1 a month for every additional \$53 of annual income."

Let me now read from a letter addressed to me from Mr. Gordon Dean, Chairman of the Atomic Energy Commission, dated February 19, 1951, relative to rental increases, effective August 1, 1951, at their Oak Ridge and Hanford plants.

"During the latter part of 1950, independent real-estate appraisals were obtained to determine shelter rents which would be comparable to those currently prevailing in the surrounding areas at both projects. The appraisals indicated that the shelter rents should be increased approximately 28 percent on all units or an average of \$10.74 per housing unit at Oak Ridge, and 41 percent on all units or an average of \$13.17 per housing unit at Richland. A few minor variations from the flat 41 percent increase at Richland will occur in a few units which have been redesignated as to desirability of locations.

"These final rent increases will eliminate entirely the inequities between rentals of comparable housing units on and off the project sites. Eliminating the federally subsidized rents will also remove one of the obstacles to the development of housing off the project sites by private enterprise, as well as constituting an important and essential step toward making private investment in homes feasible on project sites.

"Rent appraisals have been made at Los Alamos and announcement relative to rent changes will be made in the near future."

And now from my own State of Washington, a letter dated April 12, 1951, from Mr. Charles Ross, executive director of the Seattle Housing Authority, addressed to "All Residents of Sand Point Homes." It reads:

"You are hereby notified that the rent increase of which you received notice under date of March 2, 1951, will become effective May 1, 1951, instead of April 1, 1951."

And what are the new rentals?

Comparative rental scale on Sand Point homes

	OLD		
	1 bed-room	2 bed-rooms	3 bed-rooms
E-7, E-6, E-5.....	\$31.80	\$26.50	\$39.50
E-4, E-3, E-2, E-1.....	21.80	26.00	28.50

	PROPOSED NEW		
E-7, E-6.....	\$53.80	\$58.10	\$62.15
Increase.....	\$22.00	\$21.60	\$22.65
Percent increase.....	69	59	57
E-5.....	\$46.80	\$50.60	\$54.15
Increase.....	\$15.00	\$14.10	\$14.65
Percent increase.....	47	38	37
E-4.....	\$46.80	\$50.60	\$54.15
Increase.....	\$25.00	\$24.60	\$25.35
Percent increase.....	114	94	88
E-3, E-2, E-1.....	\$36.80	\$40.10	\$43.15
Increase.....	\$15.00	\$14.10	\$14.65
Percent increase.....	68	54	51

How many more similar examples of rental increases there may be throughout America in projects where Uncle Sam is either owner or coowner, I do not presently know, but what should be made completely clear is the obvious economic fact that rental property, whether privately or publicly owned, must have income sufficient to pay its operating expenses and its fixed charges.

Let us be done with castigating and condemning a great thrifty segment of our citizenry—the only segment who have remained shackled for 10 long years under a wartime-imposed control.

Let us be done with taking a few isolated percentage figures on rental increases from BLS survey reports and blowing them up into a national hysteria for Federal rent regulation.

Let the Congress be done with encouraging Uncle Sam to hit a private rental-prop-

erty owner a jolt on the jaw with his left hand and putting his right hand into the pocket of a tenant in publicly owned rental property.

The PRESIDENT pro tempore. Has the Senator from South Carolina yielded time to the Senator from New York?

Mr. LEHMAN. Mr. President, I understood that the Senator from South Carolina, before leaving the Chamber, had yielded 4 minutes to the Senator from New York.

The PRESIDENT pro tempore. The Senator from New York is recognized for 4 minutes.

Mr. LEHMAN. Mr. President, it seems to me that the amendment of the distinguished Senator from Illinois [Mr. DIRKSEN] is another instance of the efforts which have been made in the Senate during the past few days, not to lower the cost of living but to increase the cost of living. Obviously, this amendment, if it were to prevail, would materially increase the cost of living. Let me read a portion of it:

For housing accommodations, in any rent-control area or portion thereof, which had a maximum rent in effect under the Housing and Rent Act of 1947, as amended, immediately prior to the effective date of this title, the maximum rent shall not be less than the annual rent for any given year selected by the owner of the accommodation multiplied by the cost-of-living correction increment for the appropriate year in accordance with the following schedule: 1943, 1.37; 1944, 1.35; 1945, 1.32—

The schedule for the remaining years, 1945 to 1949, follows. That would mean, if this amendment were to prevail, that the landlord could fix a price, based on the 1945 figures, 37 percent above existing rates. It is a perfectly monstrous proposal.

We know that rent plays a very great part in the budget of the average American family. It usually takes as much as one-fourth of the budget of persons who are working on small salaries. A proposal to raise rents by 37 percent seems to me to be completely indefensible. The bill as reported by the committee would raise rents 20 percent. I am opposed to that; I think it is too high. I believe that the figure should remain at 15 percent. However, a 37-percent increase, which is the base figure of the amendment, seems to me to be completely unjustifiable.

However, the amendment goes further; it says:

(2) For housing accommodations, in any rent control area or portion thereof, which had no maximum rent in effect under the Housing and Rent Act of 1947, as amended, the maximum rent shall not be less than the rents prevailing for such housing accommodations or comparable housing accommodations on June 24, 1950.

Mr. President, we know that under the pressure of the desire to secure decent accommodations, rents in the decontrolled areas were raised by as much as 50, 60, 70, or 100 percent. Under this amendment those rents would remain in force; they could not be reduced. The amendment would place on the people a burden which they simply could not support.

The Senator from Illinois has brought out the fact that in France, because of the great increase in building, rents have gone down. I wonder whether the Senator from Illinois realizes that today the Government controls the building of housing units. It exercises that control both by the control of materials and by credit restrictions. It is estimated that this year not more than 850,000 new housing units will be built. Only a week ago I had the privilege of leading a fight against an amendment by the Senator from Illinois, by which it was sought to reduce the public-housing units from 50,000 to 5,000. The strongest argument the Senator from Illinois was able to advance at that time was that we could not afford to build 50,000 units because they would take too much of the essential materials.

Now, as an argument in favor of his amendment, the Senator from Illinois says we should let nature take its course, and that if we do not control rents at a low level, more and more new housing will be built. However, Mr. President, that is not so. More new housing simply cannot be built, because of the restrictions on materials and credit.

The PRESIDENT pro tempore. The time of the Senator from New York has expired.

Mr. MAYBANK. Mr. President, I understand the Senator from Illinois [Mr. DIRKSEN] desires to modify his amendment, and that may be done in my time.

The PRESIDENT pro tempore. The Senator from Illinois is recognized.

Mr. DIRKSEN. Mr. President, in the interest of clarification of the amendment, I modify it on page 24, at the end of line 11, by striking out the period and inserting a semicolon, and the following: "and by striking out 'Housing Expediter' whenever it appears therein and substituting 'President.'"

The PRESIDENT pro tempore. The Senator has a right to modify his own amendment, and the modification will be made.

Mr. DIRKSEN. Mr. President, that modification will simply make the amendment conform to what the committee previously did.

Mr. MAYBANK. That is correct.

Mr. President, I am opposed to the amendment of the distinguished Senator from Illinois, and I favor the committee provision.

The committee provision places the control of rents under Mr. Johnston, the Stabilization Administrator. We believe that the control of rents should be placed under him, because most other stabilization controls have been placed under him. The committee provision keeps in effect the present rent-control laws which permit communities or States to decontrol, or in some instances to recontrol, if they themselves desire to do so on a local basis.

The committee proposal allows a 20-percent increase in rents from the base period, deducting certain increases which had been previously granted. The committee provision takes care of hardship cases.

We believe that the amendment to the present law recommended by the committee is fair to the owners of homes, and also to those who rent, because those who rent and whose rents have not been controlled have, according to the best information the committee could obtain, had their rents materially increased. The committee is opposed to any material increase of rents at this time because of the situation in the country, inasmuch as new apartment houses cannot be built, because of credit restrictions under regulation X, and so forth.

May I add that any area which comes under rent control has to do so, under the law, by being a critical defense housing area; and as to that situation, the standards are set. In other words, both Secretary Marshall for the military, and Mr. Wilson, for the production centers—such as, if I may say so, Gary, Ind.—I do not know whether rents there will be controlled, but I simply use it as an illustration—will jointly have to declare the area a critical defense housing area, and will have to certify that there has been a tremendous increase in the number of defense workers or military personnel there.

So I hope the amendment of the Senator from Illinois will be rejected, and I trust the provision reported by the committee will be adopted, for it is based on community rights, State rights, and local rights, except when the Secretary of Defense, Mr. Marshall, and the Mobilization Director, Mr. Wilson, deem rent control necessary in a critical defense-housing area; and when that finding is made, regulation X must be relaxed, so that additional housing units can be constructed for the benefit of the defense workers and military personnel.

Mr. HOEY. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. HOEY. I wish to ask the distinguished Senator from South Carolina whether the committee provision would in any wise interfere with the action of municipalities in decontrolling, unless they are in a critical defense area.

Mr. MAYBANK. The committee amendment would not so interfere, except as the Senator has just stated; in other words, except when Mr. Wilson and Secretary Marshall declare the area to be a critical defense-housing area. In that case, rents in that area will be controlled, and, likewise, regulation X will be relaxed as I previously explained. Even in critical defense-housing areas, local communities may decontrol themselves and not be subject to recontrol by Federal action for a 30-day period.

Mr. HOEY. Under the operation of the committee provision, the local communities or the governing bodies will also still be able to decontrol in any section which is not a critical defense section or area. Is that correct?

Mr. MAYBANK. That is correct.

Mr. DOUGLAS. Mr. President—

Mr. MAYBANK. Mr. President, I now yield to the Senator from Illinois. I understand that he wishes to have me yield 5 minutes to him, and I now do so.

The PRESIDENT pro tempore. The Senator from Illinois is recognized for 5 minutes.

Mr. DOUGLAS. Mr. President, I regret to differ with my colleague from Illinois. Although we are of opposing political parties, I think it would be difficult to have two Senators on opposite sides of the aisle who get along better in connection with the transaction of ordinary business.

Mr. MAYBANK. Mr. President, will the Senator yield briefly to me, in my time?

Mr. DOUGLAS. Yes.

Mr. MAYBANK. I might facetiously remark "certainly on the business of Illinois," since both Senators are on the committee.

Mr. DOUGLAS. However, I am afraid that my colleague, with the best motives in the world, has made a bad mistake in making this proposal, because he is proposing to abolish all rent control in those cities which voluntarily, by inaction, have chosen to remain under Federal control. In the defense areas he is proposing a quite extraordinary increase in rents amounting to 37 percent.

Mr. President, rent now forms 11 percent of the consumer's average budget. But it is much more than this for low-income families. This is therefore an integral part of price stabilization. If rent control is removed, we can tell pretty well what will happen to rents in the cities which voluntarily have chosen to remain under Federal control up to this date. For I have before me the testimony of Secretary of Labor Tobin, which shows that in the cities which decontrolled there was a 53 percent increase over September 1939, as compared with a 25 percent increase in the controlled cities. At a conservative estimate, I think the amendment will mean a further increase of from 25 to 50 percent in rents in cities which would be decontrolled by this amendment, and, therefore, an average increase of 3 to 6 percent in the total cost of living and more than this for the low-wage workers.

I want to say, very frankly, that I would have favored the abolition of rent control on June 30 of this year, had it not been for Korea. But Korea and the war orders which have come as a result of Korea have caused an intensification of activity and strain in most of the cities of the country. The defense effort is not confined to critical defense areas; it is diffused over the country as a whole, and there is, therefore, a national responsibility for the conditions which are created by defense orders. This conditions will be intensified in the months which lie ahead. We are just beginning to get a flow of defense orders, and by next year at this time the flow will be at least doubled. Additional workers will be streaming into our cities, and the rent problem will be very acute. If we decontrol against the will of the localities, we may expect rents to rise and greater pressure for increased wages.

The Banking Committee has tried to be fair to the landlord. We have provided an increase of 20 percent over the

base period, which is to be cumulative. Landlords who, for one reason or another, have not received any increase up to this time will be able to get a 20-percent increase on the mere presentation of an affidavit. Those who have received a 15-percent increase, which is, I suppose, a fairly common practice, will have an additional 5-percent increase. Over and above the 20 percent it is always possible for individual landlords, upon a showing of fact, to get a further increase if hardship has been caused.

Mr. President, I should like to make one more point before I take my seat, namely, that a rise of 20 percent in gross rent means much more than an increase of 20 percent in net income to the landlord. If we assume that for every \$100 in gross rents, \$40 represents net operating income to the landlord, it is obvious that an increase of 20 percent in gross rents means an increase of approximately 50 percent in net operating income, the residue after expenses are paid. An increase of 5 percent in gross rents will mean an increase of at least 12½ percent in net operating income after costs have been met.

So we are trying to be fair to the landlord, and yet provide protection for the great mass of city dwellers who are now living under rent control, under difficult conditions occasioned by the emergency, and who would be very badly pressed indeed were rent control to be lifted by Congress against the will of the localities themselves. I hope the amendment will be defeated.

Mr. SPARKMAN. Mr. President, in the absence of the chairman of the committee, I have been designated to control the time. May I inquire how much time is left,

The PRESIDENT pro tempore. The Senator from South Carolina has 13 minutes left.

Mr. SPARKMAN. So far as I know, there are no other requests for time on this side. I shall take a very few minutes, and then shall reserve the remainder of the time.

Mr. President, I hope that the amendment offered by the able and distinguished Senator from Illinois [Mr. DIRKSEN] will not prevail, but that the committee will be sustained in the rent provision which it wrote into the bill.

I do not believe it would have been possible to write a fairer rent-control provision, if we are to have rent control. So far as I recall, the committee was virtually unanimous in its belief that there should be some kind of rent control. At the risk of duplicating some of the things which have been said, I desire to mention very briefly the provisions made in the pending bill with reference to rent control.

The first is that communities which still have rent control are allowed to retain it if they wish to do so. As a matter of fact, they are now under rent control by virtue of their own choice. Some of them are under rent control by reason of having passed ordinances asking that they be put under Federal rent control. Others are under rent control simply because of their not having availed themselves of the opportunity to

take themselves from under it. They have had that opportunity for some time. We leave that condition as it is, with the right retained for any community or any State to get from under rent control any time it so desires. That is the local-option provision which has been in the law for a couple of years.

The second thing the committee provision does is to allow other communities that are not under rent control to come under it by their own action. No one has the right to put them under rent control, but if a State or a community or a county, through its proper governing body, should ask the Federal Government to extend rent control to that particular area, the Federal Government would do so.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from Texas.

Mr. CONNALLY. Does the present law provide that a State or a municipality can take itself from under rent control?

Mr. SPARKMAN. Yes. Just before the distinguished Senator from Texas came into the Chamber I had explained that as the first item. I shall repeat it very briefly. Many cities and communities throughout the country are under rent control and have been for some time, but during the past couple of years they have had the privilege of getting from under it. So that those that are under rent control are under it as the result of their own voluntary action or inaction.

Mr. CONNALLY. Then, the bill does not change that situation?

Mr. SPARKMAN. It does not change it in any respect. It gives additional communities the right to come under rent control if they would like to do so, but only in that case.

The only instance in which the Federal Government would intervene and extend control without voluntary action being taken by the community itself, would be in those areas which have been declared by the Secretary of Defense and the Director of Mobilization to be critical defense-housing areas, and there the Federal Government may impose controls if three conditions coexist. Those conditions are set forth in the bill. One is that there must be a new defense plant or the extension of an existing defense plant. The second is that as a result of that there is a heavy immigration of workers. The third is that there is a shortage of housing.

All three of those factors must coexist in an area which has been declared to be a critical defense-housing area. In that even rent controls will be imposed by the Federal Government, but at the same time regulation X must be relaxed in order to lend incentive and encouragement to the building of new housing.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. LEHMAN. It seems to me that the amount of rent increase authorized in the committee bill of 20 percent is unusually liberal and generous.

Mr. SPARKMAN. I was just coming to that. I have not discussed it yet. That was my next point.

Mr. LEHMAN. So as not to interrupt the Senator again, I should like to point out now that, while it is perfectly true that there have been increases in wages and in supplies, which have advanced the cost of operation, there has been no increase, so far as I know, in two of the most important items which go into the operating costs, namely, interest on mortgages and taxes. So far as interest on mortgages is concerned, undoubtedly it is lower today than it was some years ago.

Mr. SPARKMAN. Yes. This question of how much rentals should be raised is a difficult one. My good friend from Illinois apparently feels that it should be tied directly in with the cost of living. I do not feel that that is a safe criterion, largely by reason of the existence of factors, two or which the Senator from New York has pointed out. I feel that there ought to be some increase. I believe that if we study all the costs that tie in directly with the ownership, operation, and maintenance of rental units it will be found that some increase is justified, and, as a matter of fact, we have recognized that in the past by authorizing a 15 percent voluntary increase.

My own feeling is that the figures as to operating costs at the present time would justify even a little higher increase than we have given. I said in committee, it may be recalled, that some figures we have had would justify an increase of about 24 percent. My own feeling was that they would justify an increase of about 22 percent. But I feel that 20 percent is just about as fair a figure as the committee could agree on, and it was the figure on which the committee did agree. Remember, that is not 20 percent flat increase, because it includes the previous 15 percent voluntary increase we have authorized.

Mr. LONG. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. LONG. I wish to congratulate the committee because of the careful manner in which they have gone into the problem. Here again we have a situation which we are more likely to find existing in a critical defense area. There was a time when every locality wanted to be declared a critical defense area, in order to obtain more housing. But as I now understand, it is more difficult to secure new industrial expansion in an area which is declared to be a critical defense area. The Senator from Alabama has pointed out that if an area is declared to be a critical defense area it is more likely that there will be Federal imposition of rent control. Such factors will tend to reduce the local pressure to be declared a critical defense area where it is not necessary.

Mr. SPARKMAN. There are many problems which arise when we try to operate a well regulated rent-control program. I feel we should get rid of rent control as soon as we can, but I also feel that everybody agrees that in defense areas it is almost necessary to

have some kind of rent control. So far as other areas are concerned, the communities can pass on whether they need it. I believe the committee has written just about as fair a rent-control measure as can be written.

Mr. MOODY. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MOODY. I am in agreement with the sentiments expressed by the Senator from New York [Mr. LEHMAN] but, as the distinguished Senator from Alabama has said, in the committee it was a matter of give and take. There were proposals before the committee calling for larger increases, and it seemed to me that the most practical thing to do was to place the figure at 20 percent, a figure fair to everyone. Therefore, I shall support the position of the Senator from Alabama.

Mr. SPARKMAN. I thank the Senator from Michigan.

The PRESIDENT pro tempore. The Senator from Illinois is recognized.

Mr. DIRKSEN. May I inquire of my friend from Alabama if he has any time left?

The PRESIDENT pro tempore. The Senator from South Carolina has 4 minutes left. The Senator from Illinois has 8 minutes left.

Mr. DIRKSEN. I wonder if the Senator from Alabama will not yield 2 minutes to me so I can allot 10 minutes to the junior Senator from Ohio [Mr. BRICKER] who is a member of the committee.

Mr. SPARKMAN. Yes; I yield 2 minutes to the Senator from Illinois.

Mr. DIRKSEN. I thank the Senator from Alabama.

Mr. President, I now yield 10 minutes to the Senator from Ohio [Mr. BRICKER].

Mr. BRICKER. Mr. President, I know of few matters that have been before the Senate on which there is more confusion at the present time than the subject now under consideration. The Senator from Alabama has discussed the amendment in the light of what the committee did. He admitted that there had, some time ago, been a 15 percent voluntary increase, and that the committee bill now allows 20 percent, so at best the maximum amount is 5 percent additional allowed by the committee.

The maximum amount allowed in the amendment of the Senator from Illinois is not 37 percent, but is 37 percent for the year 1942 only, less 15 percent and less any other increases which have been allowed since 1942. For 1947 there is only 2 percent difference between the committee amendment and the amendment of the Senator from Illinois. There was left out of the figures the consumer index for 1942, the date which ought in equity to apply, because that was 61 percent, and nobody wanted to support that with that standing out like a sore thumb. So the committee turned that formula down, and then adopted its own formula, the one in the bill before the Senate, which was written by Mr. Tighe Woods and by his assistants, and sent down to our committee, and practically no discussion was had on it whatsoever.

The Senator from Illinois has suggested that adoption of the pending amendment means a percentage rise of 11 percent in the cost of living. There is nothing that could be more misleading or confusing than a statement of that kind. We are dealing here only with 3,500,000 rental units out of a total of 45,000,000 living units in this country, and that 11 percent, even if it is a true figure—and it is not—applied to that number of units would apply to six-tenths of 1 percent of the cost of living of the people of the United States. So the amount involved is reduced almost to an absurd minimum as far as the contention of increase in cost of living is concerned.

Had the Senator from New York been more familiar with the record he would not have made the statements and assumptions he made on the floor a few moments ago when he said that the amendment would mean a 37-percent increase, and that rental of private property, when it has been taken out from under control, has increased 50, 60, or even 100 percent in some instances.

Let me point out to the Senate what the Federal Government is doing at the present time. The Federal Government has said to the people of the United States "You will have to tighten your belts." But the Government will not tighten its belt when it comes to the Federal budget. It will not tighten its belt when it comes to a question of taxes. The Federal Government, now, in peacetime, employs more civilian employees than ever before. The same is true with respect to rents imposed by the Government. The Government says to the 3,500,000 owners who have been under control since 1942, and who have carried too great a part of the burden of reconstruction, that we must have equality of sacrifice. I cannot help referring to the fact that representatives of labor unions as well as representatives of Government have stated that we must have equality of sacrifice.

Mr. President, if the amendment of the committee is accepted, and the amendment of the Senator from Illinois is rejected, the result will be a sacrifice of equality. That will mean the creation of a second class of people in this country, and saying to them, "You cannot have any advantage of the adulteration of the dollar that has been brought on by inflation."

The Government asks that there be equality of sacrifice. That, Mr. President, is all that we are asking for in this instance. But the Federal Government does not want to hold down the rents on property it controls. I have in my hand an instance of the Federal Government in the past 6 months having notified tenants of publicly owned units that there will be an increase in rents. In one public-property project an increase of 53 percent, in another class of 47 percent, in another class of 114 percent, has been demanded. Those are the terms of a federally subsidized public-housing authority, dealing with occupants of its property, who are supposed to be in the lower-income group. The

Government has imposed an increase of rent of as much as 114 percent. Yet Senators will stand on this floor and say to owners of private property, "You cannot increase your rents, even though the cost of maintenance has gone up 115 percent in some cases, and 50 percent in practically all cases."

The Senator from New York says that the interest rate has not changed. Interest is not allowed by the Rent Control Authority in fixing rents. The Senator from New York says that taxes have not gone up. Everyone knows that taxes have gone up in practically every State of the Union; in the State of New York the same as in any other State. They have gone up in my State and in every other State, and we are imposing more and more taxes on the American people at the present time.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. BRICKER. Mr. President, I have very little time left. The Senator can use his own time.

There has been an increase in the profits of business. They are based upon 1950 values in this bill. We have had increased labor costs, and they are still going up at the present time. Yet we propose, under the committee bill, to say to the people who have saved their money and put it into real estate, and who expected to live on the income from their real estate, "You cannot have any benefit from the inflation which is taking place. You cannot be put on a par with business, or on a level with labor. You are going to be suppressed, because there are more renters than property owners."

Mr. President, I am not concerned with the big apartment owners. They can get around the law, and they have gotten around it. They can get their increases, and they have gotten them. They have lawyers and accountants who can bring them within the range of the increases which have taken place. But 82 percent of the living units under control in the United States at the present time are owned by people who own four living units or less; and 51 percent of the rental units under control at the present time are owned by people who have one living unit for rent. That is the property which they saved their money to buy, and upon which they expected to live in their old age. That is the property upon which they expected their dependents to live if they should pass away. Today the Federal Government is placing a collar around their necks and saying to them, "You cannot have any of the advantages which labor and business have enjoyed. You must be put on the basis of 1942 so far as your income is concerned, while everyone else is brought up to the level of 1950 or even 1951."

That is not fair consideration of the people of the United States. If we hope to maintain the kind of government we have had in the past, we must do equity and justice, and be fair to all classes of the people of the United States, especially those who have been thrifty, who have saved their money, who have built their homes, and who are being taxed

unconscionably at the present time to carry the burden of a cost of government such as no people in the world have ever experienced. Only by being fair and just and right to all our citizens can we hope to maintain liberty in America.

This issue goes far beyond the question now under consideration on the floor of the Senate. It is proposed that the Federal Government suppress one class of citizens, one of the best classes, the great middle class, who have maintained themselves against a day of need, and who have tried to provide their own social security. The Government is constantly making them more and more dependent upon the Government and upon the edicts and personal desires for power of the bureaucrats who today are holding them under suppression and preventing them from enjoying the rights to which they are entitled.

Mr. DIRKSEN. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hayden	Millikin
Anderson	Hendrickson	Monroney
Bennett	Hennings	Moody
Benton	Hickenlooper	Morse
Brewster	Hill	Mundt
Bricker	Hoey	Neely
Bridges	Holland	Nixon
Butler, Md.	Humphrey	O'Connor
Butler, Nebr.	Ives	O'Mahoney
Cain	Jenner	Pastore
Capehart	Johnson, Colo.	Robertson
Carlson	Johnson, Tex.	Russell
Case	Kefauver	Saltonstall
Clements	Kerr	Schoeppel
Connally	Kilgore	Smith, Maine
Cordon	Knowland	Smith, N. J.
Dirksen	Langer	Sparkman
Douglas	Lehman	Stennis
Duff	Long	Taft
Dworshak	Magnuson	Thye
Eastland	Malone	Tobey
Ellender	Maybank	Underwood
Ferguson	McCarran	Watkins
Flanders	McCarthy	Welker
Frear	McClellan	Wherry
Fulbright	McFarland	Wiley
George	McKellar	Williams
Gillette	McMahon	Young
Green		

The PRESIDENT pro tempore. A quorum is present. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DIRKSEN], as modified.

Mr. MAYBANK and other Senators requested the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from Virginia [Mr. BYRD] and the Senator from New Mexico [Mr. CHAVEZ] are unavoidably detained on official business.

The Senator from Wyoming [Mr. HUNT] is absent on official business.

The Senator from South Carolina [Mr. JOHNSON] is absent on official committee business.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on official business, having been appointed a representative of our Government to attend the International Labor Conference being held in Geneva, Switzerland, and if present would vote "nay."

The Senator from Florida [Mr. SMATHERS] is absent because of illness.

Mr. SALTONSTALL. I announce that the Senator from Montana [Mr. ECTON] and the Senator from Massachusetts [Mr. LODGE] are absent on official business. If present and voting, the Senator from Massachusetts [Mr. LODGE] would vote "nay."

The Senator from Pennsylvania [Mr. MARTIN] is absent because of illness.

The result was announced—yeas 19, nays 68, as follows:

YEAS—19

Bennett	Dirksen	Welker
Bricker	Hickenlooper	Wherry
Butler, Nebr.	Jenner	Wiley
Cain	Kerr	Williams
Carlson	Knowland	Young
Case	Malone	
Cordon	Mundt	

NAYS—68

Aiken	Hennings	Monroney
Anderson	Hill	Moody
Benton	Hoey	Morse
Brewster	Holland	Neely
Bridges	Humphrey	Nixon
Butler, Md.	Ives	O'Connor
Capehart	Johnson, Colo.	O'Mahoney
Clements	Johnson, Tex.	Pastore
Connally	Kefauver	Robertson
Douglas	Kerr	Russell
Duff	Kilgore	Saltonstall
Dworshak	Langer	Schoeppel
Eastland	Lehman	Smith, Maine
Ellender	Long	Smith, N. J.
Ferguson	Magnuson	Smith, N. C.
Flanders	Maybank	Sparkman
Frear	McCarran	Stennis
Fulbright	McCarthy	Taft
George	McClellan	Thye
Gillette	McFarland	Tobey
Green	McKellar	Underwood
Hayden	McMahon	Watkins
Hendrickson	Millikin	

NOT VOTING—9

Byrd	Hunt	Martin
Chavez	Johnston, S. C.	Murray
Ecton	Lodge	Smathers

So Mr. DIRKSEN's amendment, as modified, was rejected.

Mr. MCCARRAN. Mr. President, I do not know whether I should take time at this point; but in view of the fact that I must leave the Chamber to preside over a meeting of a subcommittee of the Appropriations Committee—

Mr. MAYBANK. Mr. President, we are proceeding under a limitation of time. I should like to know to whose time the time used by the Senator from Nevada will be charged. Of course, we are now dealing with the rent-control section of the bill.

Mr. DIRKSEN. However, Mr. President, no amendment is pending at this moment.

Mr. MCCARRAN. Mr. President, I do not know of any pending amendment. If I am in error, I stand ready to be corrected. I wish to offer an amendment.

The PRESIDENT pro tempore. The Senator from Nevada is recognized for the purpose of offering an amendment.

Mr. MCCARRAN. Mr. President, I wish to submit an amendment at this time, because in a few minutes I must leave the Chamber to go to a meeting of a subcommittee of the Appropriations Committee which is dealing with the State Department appropriations. I must serve as chairman at that meeting.

Therefore at this time I desire to submit an amendment if that will not inconvenience any other Senator.

I ask that my amendment be considered at this time, and I offer it.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 15, following line 18, it is proposed to insert the following new section:

SEC. 6. (a) Clause (4) of section 2 (a) of the Administrative Procedure Act is amended to read as follows:

"(4) the functions conferred by the following statutes: the Universal Military Training and Service Act; the Contract Settlement Act of 1944; and the Surplus Property Act of 1944."

(b) All laws or parts of laws enacted prior to the date of enactment of this section which grant exemption from the provisions of the Administrative Procedure Act are repealed, and the following parts of laws are specifically repealed:

(1) Section 302 of the First Supplemental Appropriation Act, 1947 (60 Stat. 918);

(2) Section 601 of the Social Security Act Amendments of 1946 (60 Stat. 993);

(3) Section 6 (a) of the Sugar Control Extension Act of 1947 (61 Stat. 37);

(4) Section 210 of the Housing and Rent Act of 1947 (61 Stat. 201);

(5) Section 301 of the Housing and Rent Act of 1948 (62 Stat. 99);

(6) Section 5 of the Second Decontrol Act of 1947 (61 Stat. 323);

(7) Section 7 of the Export Control Act of 1949 (Public Law 11, 81st Cong.);

(8) Section 3 (i) of the International Wheat Agreement Act of 1949 (Public Law 421, 81st Cong.);

(9) The first sentence of section 709 of the Defense Production Act of 1950 (Public Law 774, 81st Cong.);

(10) The paragraph headed "General Provisions—Department of Justice" in chapter III of the Supplemental Appropriation Act, 1951 (Public Law 843, 81st Cong.); and

(11) Section 305 of the Federal Civil Defense Act of 1950 (Public Law 920, 81st Cong.).

(c) Nothing contained in this section shall be construed to invalidate, or to require any change in, any proceedings conducted by or before any agency of the Government which were commenced prior to the effective date of this section, or to invalidate any action of any such agency taken prior to such date or any action taken after such date in connection with any such proceedings.

(d) This section shall become effective on the thirtieth day following the date of its enactment.

The PRESIDING OFFICER (Mr. NEELY in the chair). The question is on agreeing to the amendment of the Senator from Nevada [Mr. MCCARRAN].

The Senator from Nevada is recognized for 15 minutes.

Mr. MCCARRAN. Mr. President, the purpose of this amendment is to halt and reverse the trend toward legislative nullification of the Administrative Procedure Act.

The Administrative Procedure Act stands as a bulwark against unfairness in the procedure of Federal agencies. It is a bill of rights for the multitude of Americans whose affairs are controlled or regulated in one way or another by agencies of the Federal Government. It is extremely unfortunate that the Congress should be a party to narrowing its scope and chipping away at its foundations by granting exemption after exemption.

My amendment asks the Congress to wipe out the exemptions recently granted, and, in effect, to serve notice that in the future any proposed exemption from the Administrative Procedure Act will have to be clearly justified, on the basis of most careful consideration, before the Congress will approve it.

The exemptions which have come along since the Administrative Procedure Act became law have been grafted into or onto one bill or another, in many cases without even being brought to the specific attention of the committees which handle such bills. Exemption provisions have been presented, time after time, largely as matters of technical draftsmanship; no hearings have been held on them; and they have found their way into law without, in some cases, even a word of discussion on the floor of either House of Congress.

In the case of the exemption of the Civil Defense Act of 1950, Senators will recall that I raised the question with respect to that exemption, and that the Senate voted to delete the exemption provision from the bill. It was restored in conference, so that the Senate had no further opportunity to vote separately on the exemption. Adoption of my amendment now will reaffirm the position which the Senate took last year.

Let me point out that the Administrative Procedure Act originally exempted the Selective Service System. On that basis, my proposed amendment would exempt the functions conferred by the Universal Military Training and Service Act, just enacted. But before the Congress approves any new exemption from the Administrative Procedure Act, in dealing with a statute which creates new functions, there should be a clear showing of some valid reason for the exemption.

If Congress is to make a practice of exempting new agencies and new functions from the Administrative Procedure Act, every time it passes a bill, then Congress might as well repeal the Administrative Procedure Act in its entirety; for every such exemption granted by act of Congress is another prop knocked from under the Administrative Procedure Act.

Before we vote on the pending amendment, it might be well to spend a little time considering some of the important guaranties which the Administrative Procedure Act gave to every citizen—guaranties which are being withdrawn, in part, by each exemption from that act, but guaranties which the adoption of my amendment would restore.

One of the most important guaranties in the Administrative Procedure Act is the right of any person, compelled to appear in person before an agency, or representative thereof, to be accompanied, represented, and advised by counsel.

Another important guaranty contained in the Administrative Procedure Act is the right of every person who is compelled to submit data or evidence to an administrative agency to be entitled to retain, or, on payment of lawfully prescribed costs, to procure a copy or transcript of his testimony.

Another important guaranty of the Administrative Procedure Act is the right of a person suffering legal wrong, because of an agency action, to have a judicial review of that action.

Surely, there is nothing about the prospective emergency operations of so-called emergency agencies which requires the blanket suspension or abolition of these rights.

The Administrative Procedure Act provides that "no sanction shall be imposed or substantive rule or order be issued except within jurisdiction delegated to the agency and as authorized by law." Do we want to free these administrative agencies from that requirement?

Let us not forget that we are dealing here with a bill which carries authority for the imposition of numerous controls on American business and upon individual citizens. One of the strong factors in getting the Administrative Procedure Act passed was the wave of protest throughout the country against various arbitrary, capricious, and oppressive actions by Federal agencies, especially the so-called control agencies, such as the Office of Price Administration.

Here we are, Mr. President, extending the Defense Production Act, under which price controls, wage controls, and production controls are to be administered. Do we want to open the door to all manner of possibly arbitrary and even oppressive tactics and practices by providing that the existing Bill of Rights for private litigants shall not apply to the function performed under this act?

Congress has here created a new agency and vested it with broad powers, necessarily on the assumption that such powers will be used only as needed in the national interest, and only in a proper manner, never arbitrarily or unreasonably. Why should Congress then say to the new agency, in effect, "There is to be no person, no entity, which can challenge, in any legal way, the validity or propriety of anything you do"?

Mr. President, the bar of America is strongly in favor of my amendment, for the lawyers of this country know that constant vigilance is the price of freedom from arbitrary, capricious, and oppressive action by Federal administrative agencies. Throwing the Administrative Procedure Act out the window, so far as the so-called emergency agencies are concerned, at the very time when those agencies are expanding their controls so as to affect directly or indirectly virtually every person in the Nation, of high or low degree, means breaking faith with the people of America.

I am pleading against progressive congressional nullification of the Administrative Procedure Act. I am pleading for affirmative action by the Senate to reaffirm the intent of the Congress that all of our citizens who must deal with one or another of the multiplicity of agencies of the Federal Government shall be assured of a basic minimum of fair dealing, administrative justice, and procedural protection. I am pleading for the principle that no agency of the Government shall have the right to force a citizen to be bound by proceedings to which he cannot become a party, and of which he may not even have notice. I am pleading for the principle that no American dealing with his Government shall be forced to have recourse to procedures which have not been fairly and openly established. I am pleading for the right of every man who has suffered legal wrong as a result of the action of some administrative agency of the Govern-

ment to have judicial review of that action to determine whether it was justified under law, as a proper exercise of administrative discretion, if discretion was involved, and was not arbitrary or capricious, on the basis of the reasonable, probative, and substantial evidence in the case. I am pleading for the preservation and reaffirmance of the charter of basic rights for administrative litigants which Congress granted with open hands only 5 years ago, in one of the most historic steps in the improvement of justice since the granting of the Magna Carta; but which Congress has been withdrawing, bit by bit, ever since it was granted.

Mr. President, it may cost more money to give a citizen a square deal than it would cost to cheat him, or deal arbitrarily with him, or otherwise impose upon him; but I think we all agree that every citizen who deals with his Government, whether voluntarily or because he is forced to do so, is entitled to a square deal, whatever it costs.

I believe, Mr. President, that a majority of my colleagues feel, as I do, that the Administrative Procedure Act was good legislation and that it is good law; that it should stay on the statute books and be protected against its enemies, whatever their motives; and that it should not be nullified or made impotent through special exemptions, granted without adequate consideration and without good reason.

So that every Member of the Senate may have the opportunity to speak for himself on the matter of high principle involved in this amendment, I ask for the yeas and nays.

Mr. GREEN. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield.

Mr. GREEN. I followed the Senator's address carefully, and, as I understand, he raised the objection that some of the provisions of existing law which he asks to have repealed were written without reference to a committee and without hearings.

Mr. McCARRAN. That is correct.

Mr. GREEN. I should like to ask the Senator whether his amendment, which is now pending, was submitted to the Committee on Banking and Currency.

Mr. McCARRAN. It was not.

Mr. GREEN. Have there been any hearings on the amendment?

Mr. McCARRAN. I do not know.

Mr. GREEN. Why is it not open to the same objection which the Senator has expressed as to other provisions in existing law?

Mr. McCARRAN. It is not open to that objection at all, because I am now presenting it to the forum before which it should be presented, and where it was presented when the law was passed.

Mr. GREEN. Is not the same thing true of the measures which the Senator asks to have repealed?

Mr. McCARRAN. In most instances they were not even presented to this body because there was no objection raised. Those are the instances of which I complain.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield.

Mr. MAYBANK. As chairman of the committee, let me say that what the Senator from Nevada has stated is absolutely correct. No such amendment was submitted to the committee, nor was it discussed in the committee. No one asked any questions with reference to it. No witnesses appeared before the committee with reference to it. I voted for the act in 1946. At that time the Senator from Nevada himself exempted emergency agencies. Section 4 (b) excepted military and foreign affairs functions from the 30-day notice requirement. Furthermore, the allocations power under the Second War Powers Act, and the Price and Rent Control Authority under the Emergency Price Control Act were excepted.

The Senator from Nevada can correct me if I am incorrect, because he knows very well that I am heartily in favor of not depriving an American citizen of any right, but if we place his amendment in the bill, there would have to be a 30-day notice. I have been so told by the Department of Justice. I plead ignorance, because the subject was never before the committee.

Mr. McCARRAN. There were exemptions in the bill in 1946, but they affected agencies which were about to pass out of existence. There was no necessity for having them brought under the provisions of the act. They were specifically picked out because they were ready to go out of existence. They were fading out at that time.

As to the question propounded by the able Senator from South Carolina, he has been misinformed by the Department of Justice.

Mr. MAYBANK. I was told that an order had to be issued and that hearings would have to be held. I am frank with the Senator; I plead ignorance as to this amendment, because it was never discussed in the committee. I looked at it yesterday, and I ask these questions because I can well remember the Second War Powers Act. I happened to be a member of the Armed Services Committee when an exemption was requested, and the Senator agreed to it. The pending bill is a temporary measure. I hope it will not have to be continued. But I am advised that as to every order issued there must be a 30-day notice, a hearing, and so forth. In that case speculators would come in, or, if they did not, those on the inside would know all about it.

Mr. McCARRAN. Mr. President, I do not know that I have the floor.

Mr. MAYBANK. I grant the Senator a part of my time.

Mr. McCARRAN. I am sorry that the Senator from South Carolina has been misadvised in the matter.

Mr. CAPEHART. Mr. President, will the Senator from Nevada yield, or does he wish to conclude his remarks?

Mr. McCARRAN. I shall conclude very shortly.

Mr. President, in my judgment, no bill which will pass this Congress will more intimately touch the individual in his everyday life than will the bill now be-

fore the Senate. That being true, we must give every protection to anyone who has to go before any agency of the Government to defend himself. If the procedure is carried on as it has been in the past, no man will know whether he has a right to appear, whether he can have his testimony transcribed, or whether he can have the right to appeal to a court of justice. He will have no protection of that kind unless the Administrative Procedure Act is indelibly written into the law of the land.

Mr. MAYBANK. I am advised that last year when we passed a law with reference to certain shipments to China, concerning which the Senator from Maryland [Mr. O'Connor] had been conducting an investigation, the Secretary of Commerce issued an order on the subject within 24 hours. I have been told that he could not have done that if such an amendment as is now proposed had been in the law.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. CAPEHART. I think the able Senator from Nevada is 100 percent correct in what he has said. I should like to see his amendment made a part of this bill, providing, of course, there is not something in the law which would estop its application to a temporary agency. I should like to suggest to the able chairman of the committee that this amendment be accepted and taken to conference, with the understanding that if there is something in the law that makes it unworkable, it will not be retained in the bill. I should like to know whether it would work a hardship on the administrators of the law. If not, I think it should be a part of the law.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. ELLENDER. As the Senator will recall, the Committee on Appropriations excluded from the Administrative Procedure Act proceedings relating to the exclusion or expulsion of aliens. For quite a long time after the amendment of the Administrative Procedure Act it was the finding of the Justice Department that the act did not apply to proceedings in respect to the exclusion of aliens. The Supreme Court recently decided that the act was applicable. The Appropriations Committee was asked to provide over \$2,500,000 to administer alien proceedings because of the Court decision. The pending amendment would nullify the action taken by the Appropriations Committee and it would be necessary to provide funds to the Justice Department. The distinguished Senator from Nevada opposed the action taken by the committee. He now seeks to nullify the action taken by the Appropriations Committee, and I hope his amendment is defeated.

Mr. MAYBANK. Every order that the Government issues has to be examined.

Mr. ELLENDER. It strikes me that we should have a little more evidence on the subject. The basic law should be considered rather than consider the matter by way of a floor amendment on the pending bill.

Mr. MAYBANK. We have had no evidence. I plead ignorance very frankly. I only know that an order issued by the Administrator would have to be studied and there would have to be notice given.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. CAPEHART. Does the chairman think the amendment should not be taken to conference?

Mr. MAYBANK. I do not mind taking it to conference, but I would not want the Senator from Nevada to expect me to fight for it. If its only effect were to protect and help the individual citizen I would be in favor of it.

Mr. CAPEHART. I think it is so important that it should be a part of this bill, unless it can be shown that it will interfere with the operation of the law.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Nevada [Mr. McCARRAN].

Mr. McCARRAN, Mr. HUMPHREY, and other Senators asked for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Rhode Island [Mr. PASTORE], and the Senator from Georgia [Mr. RUSSELL] are unavoidably detained on official business.

The Senator from Wyoming [Mr. HUNT] is absent on official business.

The Senator from South Carolina [Mr. JOHNSTON] is absent on official committee business.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on official business, having been appointed a representative of our Government to attend the International Labor Conference being held in Geneva, Switzerland, and if present would vote "nay."

The Senator from Florida [Mr. SMATHERS] is absent because of illness.

I announce further that if present and voting, the Senator from Rhode Island [Mr. PASTORE] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Montana [Mr. ECTON] is absent on official business.

The Senator from Pennsylvania [Mr. MARTIN] is absent because of illness.

The Senator from Nebraska [Mr. BUTLER] who is detained on official business is paired with the Senator from Massachusetts [Mr. LODGE] who is absent on official business. If present and voting the Senator from Nebraska would vote "yea" and the Senator from Massachusetts would vote "nay."

The Senator from New Hampshire [Mr. TOBEY] is detained on official business.

The result was announced—yeas 33, nays 51, as follows:

YEAS—33

Bennett	Cain	Dirksen
Bricker	Capehart	Duff
Bridges	Carlson	Dworshak
Butler, Md.	Case	Eastland
Byrd	Cordon	Ferguson

George	McCarran	Smith, N. C.
Hickenlooper	McCarthy	Watkins
Jenner	McClellan	Welker
Johnson, Colo.	Mundt	Wherry
Kem	Nixon	Wiley
Malone	Schoeppel	Young

NAYS—51

Aiken	Hoey	Millikin
Anderson	Holland	Monroney
Benton	Humphrey	Moody
Brewster	Ives	Morse
Clements	Johnson, Tex.	Neely
Connally	Kefauver	O'Connor
Douglas	Kerr	O'Mahoney
Ellender	Kilgore	Robertson
Flanders	Knowland	Saltonstall
Frear	Langer	Smith, Maine
Fullbright	Lehman	Smith, N. J.
Gillette	Long	Sparkman
Green	Magnuson	Stennis
Hayden	Maybank	Taft
Hendrickson	McFarland	Thye
Hennings	McKellar	Underwood
Hill	McMahon	Williams

NOT VOTING—12

Butler, Nebr.	Johnston, S. C.	Pastore
Chavez	Lodge	Russell
Ecton	Martin	Smathers
Hunt	Murray	Tobey

So Mr. McCARRAN's amendment was rejected.

Mr. HOLLAND. Mr. President, I move to strike paragraph (k) of subsection (C) of section 5 of the bill, beginning at line 22 at the bottom of page 4 and extending through line 22 on page 5. In order to clarify the matter in the minds of Senators, I ask that the clerk state the motion.

The PRESIDING OFFICER. The motion will be stated.

The CHIEF CLERK. It is proposed to strike out paragraph (k) of subsection (C) of section 5 of the bill, beginning after line 21 on page 4, and extending through line 22 on page 5, as follows:

(k) The President shall by regulation or order establish such maximum rent or maximum rents as in his judgment will be fair and equitable for any housing accommodations (1) in any State which by law declares that there exists such a shortage in rental-housing accommodations as to require Federal rent control in such State, or (2) in any incorporated city, town, village, or in the unincorporated area of any county (other than a city, town, village, or unincorporated area within a State which is controlling rents) upon receipt of a resolution of its governing body adopted for that purpose in accordance with applicable local law and based upon a finding by such governing body, reached as a result of a public hearing held after 10 days' notice, that there exists such a shortage in rental-housing accommodations as to require Federal rent control in such city, town, village, or unincorporated area in such county. In establishing any maximum rent for any housing accommodations under this subsection the President shall give due consideration to the rents prevailing for such housing accommodations or comparable housing accommodations during the period from May 24, 1950, to June 24, 1950, and he shall make adjustment for such relevant factors as he shall determine and deem to be of general applicability in respect to such accommodations, including increases or decreases in property taxes and other costs within such State, incorporated city, town, or village, or unincorporated area.

Mr. HOLLAND. Mr. President, I am prepared to go along with those portions of the bill which have to do with the extension of rent control in defense areas. I think the committee has gone

as far as it could possibly go in throwing protection around both owners and renters in the provisions which it has written into those portions of the bill which have to do with defense-rental areas and with the solution of defense problems which apply to the entire Nation. But I cannot go along with this particular provision. I am bound to say that I fear it has gotten into the bill without due consideration of its meaning and tremendous implications, and, therefore, I propose to strike it out.

I shall read that part of it which gives the substantive additional power for control by Federal law of property in States, cities, or local communities where the local governing bodies, for example, ask for rent control, but without any showing whatever of any defense implication relative to the particular area. Let me read the language to which I refer:

The President shall—

There is no discretion given to him. This is mandatory—

The President shall by regulation or order establish such maximum rent or maximum rents as in his judgment will be fair and equitable for any housing accommodations (1) in any State which by law declares that there exists such a shortage in rental housing accommodations as to require Federal rent control in such State, or (2) in any incorporated city, town, village, or in the unincorporated area of any county (other than a city, town, village, or unincorporated area within a State which is controlling rents) upon receipt of a resolution of its governing body adopted for that purpose in accordance with applicable local law and based upon a finding by such governing body, reached as a result of a public hearing held after 10 days' notice, that there exists such a shortage in rental housing accommodations as to require Federal rent control in such city, town, village, or unincorporated area in such county.

We have had rent control during time of war, in connection with the protection of the defense effort; and the courts, in upholding rent control as a Federal matter, have very specifically, over and over again, recited that the only possible justification for Federal interference in property matters of this kind is in pursuance of the making of an adequate defense of the Nation.

In this proposal, which has somehow found its way into the bill, and which I hope has found its way into the bill without due consideration by the committee or its staff, there is contained a completely new philosophy of Federal rent control, namely, that irrespective of any defense need, irrespective of any congestion resulting from the location of a base or defense plant nearby, but solely because the local governing body in the particular community rules that it would like to have rent control, and because it has found that in its judgment "there exists such a shortage in rental housing accommodations as to require Federal rent control in such city, town, village, or unincorporated area in such county," without any standard, without any relationship with the defense effort at all, upon such finding the President of the United States is mandatorily required to establish Federal rent con-

trol at Federal expense, in such a community, village, city, or unincorporated part of a county.

I say again that I do not believe those charged with the preparation of this bill care to take the position with the American people that such a radical departure in rent control philosophy should for a moment be seriously considered, because it means that, without any defense implications at all, without any Federal question at all, but simply on the basis of the finding of a local governing body that in its judgment "there exists such a shortage in rental housing accommodations as to require Federal rent control," Federal rent control automatically comes into existence as to that village or town, and the President is then directed to establish and administer it.

Mr. DIRKSEN and Mr. MAYBANK addressed the Chair.

Mr. HOLLAND. Mr. President, I yield first to the Senator from Illinois.

Mr. DIRKSEN. I may say to the able Senator from Florida that insofar as I know that provision and other provisions in the committee bill were drafted by the Expediter, and the presentation of the substitute which was voted down so substantially a while ago was with the very situation in mind which the Senator has indicated.

Mr. MAYBANK. Mr. President, I wish to correct my good friend from Illinois. I know he will appreciate knowing that the provision was suggested by the distinguished Senator from Ohio [Mr. BRICKER]. He felt that he did not want the Federal Government to tell local communities that they were under control because they experienced some shortage of housing from World War II. The Expediter did not recommend the section. As to the other sections, the Senator is correct.

Mr. DIRKSEN. I have no recollection that the Senator from Ohio suggested the provision.

Mr. MAYBANK. I will say to the Senator from Illinois that the Senator from Ohio did make the suggestion. I do not wish to be misunderstood with respect to the Housing Expediter. The Housing Expediter never wrote anything for me since I have been in the Senate. The States rights provision and the city rights provision were put into the original bill under the able leadership of the Senator from Arkansas several years ago. I believe the Senator from Florida will agree.

Mr. HOLLAND. The Senator is correct. In order that it may be very clear in the RECORD, the provision is in no sense similar to the States rights provision which was incorporated in the previous law. I wish to remind Senators that at the time the original Federal rent control law was passed, it was designed to protect the defense effort. Later when we were through with the war and were getting away from the defense effort, Congress in its judgment felt that it was sound policy to pursue to give to the governing body on the local level the right to determine whether the congestion which existed in their area was of a sufficient nature to still require rent control.

This provision, to the contrary, would allow the governing body of a community to set up Federal rent control, without any defense implications, the only requirement being a hearing after 10 days' notice, and without any showing that national-defense requirement or any other Federal question is involved. It would allow a tenant-controlled community to come under Federal rent control merely by having the community ask for it through its own elected officials.

I invite the Senate's attention to the fact that we have before us a complete departure from any philosophy of proper Federal rent control which has existed at least within the lifetime of the Senator from Florida.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield to the Senator from Indiana.

Mr. CAPEHART. It is not quite clear what the able Senator's objections are. The provision permits a State, city, or county to come under Federal rent control, if they themselves vote for it.

Mr. HOLLAND. That is correct.

Mr. CAPEHART. That is all it does.

Mr. HOLLAND. That is what it does. It has no relation to recontrol. It may be a community which has been under control previously or one that has not been. It may be a community which has defense implications, or a community which does not have such implications. There is not one word contained in the provision which would require that a defense situation must exist. I know the Senator from Indiana loves the Constitution, as he also loves local rights. Yet here we have what amounts to a situation under which a small majority of a governing body in any village in his good State by merely voting to have rent control, may have it, although such village is not close to any military activity or any factory which is manufacturing defense goods. I cannot feel that the distinguished Senator from Indiana wishes to put his stamp of approval upon any such arrangement.

Mr. CAPEHART. What the Senator from Indiana wishes to do is to have the local officials handle the matter of rent control. That is what this provision of the bill would do.

Mr. HOLLAND. To the contrary, the provision excludes entirely the communities in States which have voted State rent control. It says any village or any unincorporated part of a county can, through the county commissioners or town council, if there is sufficient tenant pressure to bring about the result, vote for Federal rent control, without the slightest implication of the defense effort. I yield to the Senator from Virginia.

Mr. ROBERTSON. I merely wish to say to my good friend from Florida that the provision was not put in the rent-control section as the committee had first drafted it. The amendment did not arise from the Democratic side. It was rather persuasively presented as being in keeping with the principle of States' rights and local self-government.

Mr. MAYBANK. And we supported it.

Mr. ROBERTSON. We accepted it.

Mr. HOLLAND. I thank the Senator.

Mr. ROBERTSON. I did not believe it meant very much or made very much difference to Virginia. I do not believe many communities in Virginia would vote to come under Federal rent control. I was not particularly opposed to some city or county doing so. I do not believe the provision refers to villages. I believe the provision relates to municipalities and counties. Does it provide for villages as well?

Mr. HOLLAND. It does.

Mr. CAPEHART. It exempts—

Mr. HOLLAND. I should like to conclude the statement of my argument. I believe this new provision would be a poor policy to follow. I do not believe it makes good sense for the Federal Government to enter into rent control divorced entirely from the defense needs of the Nation.

The second point I wish to make is that I do not believe any lawyer who has thought the subject through will say that he believes the courts would uphold such a provision, because he knows perfectly well that every favoring decision of the courts upholding rent control on a Federal basis has been based on the need for protecting those who serve our country, either as defense workers or in the Military Establishment.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. DIRKSEN. Let me say to my good friend from Florida that he expresses exactly my view. Though he comes as a somewhat belated protagonist, unless he voted for my substitute amendment, it is exactly what the substitute provided. The substitute was voted down. It would have made Federal rent control identical with defense areas. It took rent control off elsewhere.

Mr. HOLLAND. I yield to the Senator from Ohio.

Mr. MAYBANK. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from South Carolina has 15 minutes.

Mr. MAYBANK. How much time does the Senator from Florida have remaining?

The PRESIDING OFFICER. Two minutes.

Mr. MAYBANK. Mr. President, I yield an additional 10 minutes to the Senator from Florida.

Mr. HOLLAND. I yield the floor.

Mr. MAYBANK. I shall be very glad to yield 10 minutes to the Senator from Ohio.

Mr. BRICKER. I wish to explain what the amendment would do and to make some comments on it.

Mr. MAYBANK. I am glad to yield 10 minutes to the Senator from Ohio.

Mr. BRICKER. I wish to take some time on my own.

Mr. HOLLAND. I yield the floor.

Mr. LEHMAN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LEHMAN. May I be informed whether the chairman of the committee is in charge of the allocation of the time?

The PRESIDING OFFICER. He is in charge of the time allotted to the opponents.

Mr. LEHMAN. If he is opposed to the motion, I assume that the Senator from Ohio supports the motion. May I ask the question of the Senator from Ohio?

Mr. BRICKER. If I am permitted to speak, the Senator will understand how I feel about the motion.

The PRESIDING OFFICER. The Chair would like to inquire from the Senator from South Carolina if he is opposed to the motion made by the Senator from Florida?

Mr. MAYBANK. As chairman of the committee, I am opposed to it.

Mr. LEHMAN. I understand that the chairman of the committee has yielded time to the Senator from Ohio.

Mr. MAYBANK. I have yielded 10 minutes to the Senator from Ohio, if he wishes to take the time. If he desires to have more time, I shall be glad to yield him more time.

Mr. BRICKER. Ten minutes will be sufficient.

Mr. LEHMAN. Does the chairman of the committee know whether the Senator from Ohio is supporting or opposing the motion offered by the Senator from Florida?

Mr. BRICKER. If I may proceed, the Senator from New York will know my position.

Mr. MAYBANK. Naturally, he is opposed to the Holland motion.

The PRESIDING OFFICER (Mr. CLEMENTS in the chair). The Senator from Ohio is recognized.

Mr. BRICKER. Mr. President, with respect to the pending motion there seems to be a great deal of turmoil in the minds of those who favor, as I do, local rule, home rule, States' rights, or whatever we wish to term it.

The provision of the committee bill is a very simple one. It is a consistent one, and I have tried to be consistent.

I believe in local government. I demonstrated my belief in it when I voted a few minutes ago for the amendment of the Senator from Illinois [Mr. DIRKSEN].

It is contended by the Senator from Florida that paragraph (k) of subsection (c) of section 5 of the bill has no relationship to critical defense areas, and that is true. Neither did the cost-of-living formula in the amendment on which we voted a few minutes ago have anything whatever to do with critical defense areas.

This bill, as reported by the committee, permits a local community to vote to remove itself from Federal rent control entirely unless that community has been decreed to be a critical defense area. In that case controls may be lifted temporarily by the community itself or they can be removed entirely with the approval of the Secretary of Defense and the Defense Mobilizer.

Mr. President, this bill is essentially a war measure; it is to protect the communities in which there has been a tremendous expansion of war industry and communities in which new atomic plants are being built and communities in which, because of the expansion of war industries, there is a great influx of

workers. I am in full accord with that aspect of the bill.

On the other hand, we give to any community the right to remove itself from Federal rent controls if it is not in a critical defense area.

Likewise, Mr. President, the committee bill gives to any community the right, if there were changed circumstances and a reversal of public opinion, and a determination on the part of the governing body of the community that Federal rent controls were needed, even though the State in which the community was located had been decontrolled, to have the Federal Government impose Federal rent control.

Under the law, Mr. President, a community which wishes to have rent controls removed has a right to have that done, and any community should also be permitted, on its own volition, to come under Federal rent control again.

Senators on the other side of the aisle who are in favor of local rule, home rule, or States' rights should not be in favor of a motion of this kind because the machinery for Federal rent control is set up and will continue to be in effect so long as the war emergency is upon us, and such communities should be able to have the same rights that other communities have, namely, either to be able to impose rent control or to remove rent control at their will.

Of course, in many instances today rent control is being continued against the will of a majority of the people of the community, although the local governing body might have failed to act to remove the community from rent control, or in some instances might have acted to have the community returned to rent control. In any event, if a community desires to be returned to rent control, it should have that opportunity.

I believe that this problem is essentially a local one, and that the local community, through its governing body, should have the right to determine for itself whether rent control is or is not to be applied to it, so long as the machinery for Federal rent control is set up and so long as the war emergency continues and so long as other communities are subjected to Federal rent control.

The committee amendment will not in any way prevent a State from taking action similar to that taken by the State of New York. Under the committee amendment, any State will be thoroughly protected in its right to impose State and local rent control, if that is what the State wishes, in the way that was done in New York, for instance.

However, for the sake of consistency, and in order to treat every community alike, if the local governing body removes the community from rent control, the local governing body should be permitted, under this measure, to have the right to return the community to rent control at any time.

In the committee there was no opposition whatever to this arrangement. It seems to me to be very inconsistent for a representative of a State in which there has been decontrol to say that a community should not be permitted to recontrol, if it so desires, by action of its governing

body, when legally taken. Some Senators are willing to let the Federal Government impose its power upon a community in a critical defense area, and are willing to let the Federal Government continue to impose its power over a local community which is not in a critical defense area, and a few minutes ago those Senators voted against giving any relief to such communities.

So I am of the opinion that this problem is a localized one, and is supported by the Senator from Florida because in Florida there are peculiar local circumstances. However, I am not in favor of having the Congress legislate for a local community. I am in favor of having the Congress make rules which will apply all the way across the board. If the rules apply to my State, they should apply to every other State.

Therefore, Mr. President, the motion of the Senator from Florida should be rejected, and the bill as reported by the committee should be sustained in this respect.

Mr. CASE. Mr. President, will the Senator yield for a question?

Mr. BRICKER. I yield.

Mr. CASE. Is it not true that when rent control is established in a defense area, rent control in that area is administered by the Housing Expediter?

Mr. BRICKER. Yes, until this measure is enacted, and then the control is transferred to the Economic Stabilizer.

Mr. CASE. In any event, rent control in a defense rental area would be administered by the Administrator, would it not?

Mr. BRICKER. Yes; and so would the rent control features of the pending bill.

Mr. CASE. I am not clear about that.

Mr. BRICKER. At the end of the bill the entire machinery is transferred to the Economic Stabilizer, who therefore will take over. This bill abolishes the Rent Expediter or the Housing Expediter, or whatever his proper title may be.

Mr. CASE. Is it not true that if rent control is established in a defense rental area, the law would require a local advisory body to be created?

Mr. BRICKER. Yes; provision is made in the present law for local advisory boards.

Mr. CASE. Is it not true that subsection (k) does not call for the use of local advisory boards?

Mr. BRICKER. Yes. However, the local advisory boards would continue to be used, as in all other cases. The provision calling for the use of local advisory boards is of general application.

Mr. CASE. However, this portion of the bill does not say so.

Mr. BRICKER. It does not have to say so, because the provision in regard to the use of local advisory boards is a general provision of the law. Neither subsection (k) nor the motion of the Senator from Florida would make a change in that respect, so the general law on that subject will continue to apply.

Mr. DIRKSEN. Provision to that effect is contained in the old law.

Mr. BRICKER. Yes.

Under the bill, the President will simply give the authority to the Administrator or the Expediter or the Eco-

nomics Stabilizer, as the case may be; and the general provisions of the statute will continue to apply in such communities, just as in all other communities.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. BRICKER. I yield.

Mr. HOLLAND. Did I correctly understand the distinguished Senator to say that this provision of the bill does not require a showing that an area is a defense area, in order to justify its bringing itself under the provisions of Federal rent control?

Mr. BRICKER. That is true, just the same as in the case of the communities which have been under rent control since 1942; there is no showing whatever of defense needs in such communities.

Mr. HOLLAND. I should like to ask another question. I heard the Senator refer to recontrol. Is it not equally true that under this provision, communities which have never been controlled before now can come under rent control by their own request, regardless of any defense question or defense requirement?

Mr. BRICKER. That is true; and in my judgment, it should be true.

Mr. HOLLAND. I thank the Senator.

Mr. BRICKER. So, Mr. President, the issue returns to the fundamental concept of the Senators on the other side of the aisle in regard to local rule, home rule, and States' rights.

I yield the floor.

Mr. CAPEHART. Mr. President, I ask for the yeas and nays on the question of agreeing to the motion of the Senator from Florida.

Mr. MAYBANK. Mr. President—

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. HUMPHREY. Mr. President, will the Senator yield to me?

Mr. MAYBANK. Let me inquire how much time the Senator from Minnesota would like to have. Would 3 minutes be sufficient?

Mr. HUMPHREY. Yes, that would be quite ample.

Mr. MAYBANK. Mr. President, let me inquire how much time remains to me.

The PRESIDING OFFICER. The Senator from South Carolina has 5 minutes.

Mr. MAYBANK. Then I yield 3 minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 3 minutes.

Mr. HUMPHREY. Mr. President, I merely wish to associate myself with the general argument which has been made by the junior Senator from Ohio [Mr. BRICKER] and the chairman of the Banking and Currency Committee [Mr. MAYBANK], and I wish to take issue with the argument propounded by the senior Senator from Florida [Mr. HOLLAND].

First of all, I understand that the basis of the argument of the Senator from Florida is that it is not a defense program; that is, that the rent regulation, as outlined under section 204, paragraph (k) does not pertain to particular

defense areas. I think that was generally answered a moment ago, when the Senator from Ohio said that all rent-control areas were established in 1942, and that only since that time have we been removing various localities from control.

But more important, I may say, is the fact that there has been a declaration of national emergency. This declaration of national emergency applies to every home, every hamlet, every township, every village, and to every individual in the United States of America. Furthermore, while we may call a factory a defense area, I think it equally important that all the other communities which may border upon that area, no matter whether that border may be 200 miles away, contribute to the general production, to the general output of defense material. In other words, my argument is simply that in a national emergency we cannot go around pinpointing one area as a defense area, as against another. We may say that one area contains some defense plants, we may say that one area is more critical than another; as, for example, in subparagraph (1) of the bill, starting on page 5, which deals with the certification of a critical defense area.

But, Mr. President, I make note of the descriptive phrase, "critical defense housing area." It says that the Secretary of Defense and the Director of Defense Mobilization shall certify as to any defense area, not only a critical area; and in this instance what we are talking about is the application of rent control to sections of the country, where the defense-housing shortage may not be critical.

More than that, Mr. President, I think the argument which has been made here is one which cannot be properly refuted, namely, that a local government, if it desires the services of the Federal Government in establishing a system of rent control, surely should have that right, that prerogative, in view of the fact that all we are doing here, is to amend, section 204 of the Housing and Rent Act of 1947.

I point out, more specifically, that there are two ways by which Federal rent control can be obtained, as outlined under paragraph (k): No. 1, where a State law declares that there exists a shortage in rental housing accommodations, and No. 2, where an incorporated city, village, town, or unincorporated area so declares.

Mr. President, why the second clause? The opportunity for rent control is necessary, because in many States a municipality would be denied rent control because of having little or no representation in a State legislature, or because the State legislature would not recognize the legitimate needs or the legitimate requirements of a major municipality.

I think the provision which the Senator from Florida proposes to strike out is wise. I urge that it be retained in the bill, and that the motion of the Senator from Florida be rejected.

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired. The question is on agreeing to the motion of the Senator from Florida,

Mr. MAYBANK. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MAYBANK. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from South Carolina has 1 minute, and the Senator from Florida has 2 minutes.

Mr. MAYBANK. I yield 1 minute to the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida is recognized for 3 minutes.

Mr. HOLLAND. Mr. President, in the first place, I should like to reply briefly to the statement made by my distinguished friend from Minnesota, to the effect that, since a national emergency is declared, we cannot go around pinpointing as to whether one area is a defense area, and another is not. The fact of the matter is that this bill, the well-considered part of it, requires the Secretary of Defense and the Director of Defense Mobilization and the President of the United States to do exactly that, because, if the Members of the Senate will look at that part of the bill which comes immediately after the part which my motion seeks to strike, they will find that the opportunity of the President of the United States to declare an area subject to rent control is dependent upon his first pin-pointing it as a critical defense-housing area, upon a finding by the Secretary of Defense and the Director of Defense Mobilization to that effect.

Mr. HUMPHREY. Mr. President, will the Senator yield for a question?

Mr. HOLLAND. I cannot yield, I am sorry; the time does not permit. So, in order for this bill to be constitutional—and I think we all want it to be—it is, of course, required that there be a finding of a critical defense-housing situation in order to support the invoking of Federal rent control in those areas where the President himself has discretion to institute rent control or not; whereas this ill-advised provision of the bill gives a much wider jurisdiction to the heads of local governments, villages, towns, counties, and the like; because they do not have to consider defense implications, and they do not have to consider the critical defense housing situation. The finding which they must make I have already read, in my earlier remarks, and it appears clearly in the text of the bill, the finding which they would be required to make.

This anomolous provision would actually allow to the aldermen or the town council of the smallest village in the United States greater power than is allowed to the President of the United States, and would allow them to invoke that power and to establish Federal rent control, irrespective of whether any defense provision were at all involved.

I may call attention briefly, in the little time which remains, to the fact that the distinguished Senator from Ohio, who has defended this provision, has made two admissions which I want every Senator to hear; and I am sorry that there is not a greater number of Senators present. First, he admits—and of course he would so admit, because

he is always honorable, and it is so clear from reading the provision of the bill that it does mean this—that there is no defense standard, there is no defense implication of any sort required. The distinguished Senator from Ohio has admitted that, in his able argument upon the floor of the Senate.

A second thing which he has admitted is, that this is not a provision for mere reconrol, though so written in the committee report, and ill advisedly so. It is a provision which allows any community, whether decontrolled or not, which is not now subject to control, unless it lies within a State which has State rent control, simply by a finding of its governing body "that there exists such a shortage of rental housing accommodations as to require Federal rent control," to actually invoke Federal rent control, which mandatorily is required then to be set up by the President of the United States.

I hope that my motion will prevail.

The PRESIDING OFFICER. The time of the Senator from Florida has expired. All time for debate has expired.

The question is on agreeing to the motion of the Senator from Florida. The yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from Wyoming [Mr. HUNT] is absent on official business.

The Senator from South Carolina [Mr. JOHNSTON] is absent on official committee business.

The Senator from West Virginia [Mr. KILGORE], the Senator from Maryland [Mr. O'CONNOR], and the Senator from North Carolina [Mr. SMITH] are unavoidably detained on official business.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on official business, having been appointed a representative of our Government to attend the International Labor Conference being held in Geneva, Switzerland, and if present would vote "nay."

The Senator from Florida [Mr. SMATHERS] is absent because of illness.

Mr. SALTONSTALL. I announce that the Senator from Montana [Mr. ECTON] and the Senator from Massachusetts [Mr. LODGE] are absent on official business. If present and voting, the Senator from Massachusetts [Mr. LODGE] would vote "nay."

The Senator from Pennsylvania [Mr. MARTIN] is absent because of illness.

The result was announced—yeas 15, nays 71, as follows:

YEAS—15

Byrd	Gillette	McCarran
Chavez	Hoey	McClellan
Eastland	Holland	Robertson
Ellender	Knowland	Watkins
George	Long	Wiley

NAYS—71

Aiken	Clements	Hendrickson
Anderson	Connally	Hennings
Bennett	Cordon	Hickenlooper
Benton	Dirksen	Hill
Brewster	Douglas	Humphrey
Bricker	Duff	Ives
Bridges	Dworshak	Jenner
Butler, Md.	Ferguson	Johnson, Colo.
Butler, Nebr.	Flanders	Johnson, Tex.
Cain	Frear	Kefauver
Capehart	Fulbright	Kem
Carlson	Green	Kerr
Case	Hayden	Langer

Lehman	Morse	Sparkman
Magnuson	Mundt	Stennis
Malone	Neely	Taft
Maybank	Nixon	Thye
McCarthy	O'Mahoney	Tobey
McFarland	Pastore	Underwood
McKellar	Russell	Welker
McMahon	Saltonstall	Wherry
Millikin	Schoepel	Williams
Monroney	Smith, Maine	Young
Moody	Smith, N. J.	

NOT VOTING—10

Eaton	Lodge	Smathers
Hunt	Martin	Smith, N. C.
Johnston, S. C.	Murray	
Kilgore	O'Connor	

So the motion of Mr. HOLLAND was rejected.

Mr. AIKEN. Mr. President, I call up my amendment lettered "A" and ask for its consideration at this time.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. At the proper place in the bill it is proposed to insert the following:

Nothing contained in this act shall be construed to modify, repeal, supersede, or affect the provisions of either (1) the Agricultural Act of 1949, or (2) the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of the Agricultural Marketing Agreement Act of 1937, as amended.

Mr. AIKEN. Mr. President, I think the purpose of the amendment is quite plain. The Defense Production Act of 1950 provided that nothing in it should be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Act of 1937, as amended. The amendment which I offer today simply includes in that provision the Agricultural Act of 1949.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. MAYBANK. I will say to my distinguished friend from Vermont, who is so deeply interested in agricultural matters at all times, that I am certain that there is nothing contained in the bill that would have such an effect as the Senator's amendment makes provision against. I told the distinguished Senator from Louisiana [Mr. ELLENDER], chairman of the Committee on Agriculture and Forestry, that if the bill did make any changes in the acts referred to I would endeavor to see that correction was made. The Senator from Minnesota [Mr. HUMPHREY] wrote me a letter on the subject. I shall be more than pleased to take the amendment to conference, and if it should be shown that the bill does affect the two acts referred to by the Senator from Vermont we will take the necessary action. I feel that the Committee on Banking and Currency should do nothing that affects matters which come under the jurisdiction of the Committee on Agriculture and Forestry.

Mr. AIKEN. The purpose is to make sure that no one places an interpretation on the act which is not intended by the Congress. I am very grateful for the position taken by the chairman of the Committee on Banking and Currency.

So far as I know, there is nothing more to be said on the amendment. I hope it

will be accepted and taken to conference, and if anything is found in the bill that should not be there I know the conference committee will strike it out.

Mr. MAYBANK. The Senator from Vermont can be assured of that.

Mr. AIKEN. There is no harm in the amendment, and there may be some good in it.

Mr. ELLENDER. No harm will be done to the bill if the amendment is adopted.

Mr. MAYBANK. Very well. As I said, it is not the purpose of the committee to interfere with matters under the control of other Senate committees.

Mr. AIKEN. Mr. President, I think we should have a vote on the amendment.

Mr. MAYBANK. Does the Senator ask for a ye and nay vote?

Mr. AIKEN. No; I ask for a voice vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Vermont.

The amendment was agreed to.

Mr. MILLIKIN. Mr. President, I call up and ask immediate consideration of an amendment which I presented yesterday. I ask that the amendment be stated.

The PRESIDING OFFICER (Mr. GILLETTE in the chair). The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, line 13, after the period, it is proposed to insert the following new sentence:

Nothing in this paragraph shall prohibit the establishment or maintenance of a ceiling price with respect to any article (other than an agricultural commodity) in the case of an individual seller which is based upon a period prior to January 25, 1951, if such ceiling price reflects adjustments for increases or decreases in all costs of such seller occurring subsequent to such period.

Mr. MILLIKIN. Mr. President, I modify my amendment by substituting the word "material" for the word "article" in line 4.

Mr. President, the purpose of the amendment is, I believe, very clear. In the first place, I wish to say that it does not interfere in any way with the provisions of the committee bill regarding agriculture. The amendment does permit roll-backs of nonagricultural articles under certain limited circumstances. The reason why the junior Senator from Colorado believes that roll-backs should be permitted under certain limited circumstances is that the level of January 25, 1951, contains, I suggest, many exorbitant prices as a result of greedy grasping during the period from the time of the beginning of the Korean War until the first of this year. It is beside the immediate point that we would not have many of our present troubles had prompt action been taken under the law passed by this Congress. The fact is that those things did occur, and our price structure is discolored and mutilated by them.

As a matter of general philosophy, I am very much opposed to price roll-backs. I realize that under the best possible circumstances there are inconveniences and harassments to those who are subject to them, and some injustices.

But at the same time I do not believe that we can give complete endorsement to the price levels existing at the first of this year, and that there should be some alleviation of them under the conditions which I shall point out.

Under the amendment which I propose, the roll-back must be on individual materials.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. MAYBANK. What concerns me about this amendment—and I would appreciate it if the Senator would enlighten me—is how we can deal with a multiplicity of individual items. How can the provision be administered? At the present time we are operating on an industry-wide basis.

Mr. MILLIKIN. Since the Senator from South Carolina is asking me the question, I will say that this is precisely what is being planned by the Price Administrator in many particulars on many individual items, so it does not come as an entire shock to the Price Administrator.

Mr. MAYBANK. I would not say that it comes as a shock to the Price Administrator. I wish to make a brief statement, and shall do so in my own time, for I want the Senator from Colorado to have opportunity to make a full statement, and I want to listen to what he has to say. The amendment was not brought before the committee. We did not have any testimony on it, as the Senator knows. It was only submitted yesterday. I do not know how it would affect the bill, or affect what we have already done about roll-backs. Of course I know that agricultural commodities are exempted by the amendment, but nothing else is, is it?

Mr. MILLIKIN. The amendment goes outside the agricultural field.

Mr. MAYBANK. Everything outside of agriculture can be subject to roll-backs by individual items? Is that correct?

Mr. MILLIKIN. Yes.

Mr. MAYBANK. I do not see how that can be handled.

Mr. MILLIKIN. Let me point out in that connection, as a practical matter, for those who do not believe in any roll-backs, that if provisions is made for applying roll-backs to individual items and if the difficulties are present which the Senator has suggested, that, in itself, will impose a rather sharp restriction on roll-backs. But I am in favor of applying roll-backs to individual items for the simple reason that experience in World War II taught us that there is no just way the problem can be dealt with except in this way. No industry can remain in business and operate under general industry averages.

Mr. MAYBANK. Mr. President, will the Senator yield in my time?

Mr. MILLIKIN. Yes.

Mr. MAYBANK. In an order issued by the Price Administrator fixing prices, he allowed for whatever increases there were in the costs of labor, but he did not allow anything for increase in the pay of clerks in the offices; he did not allow for any increases in the pay of white-

collar workers. So I have been told. Would the Senator's amendment compel the Price Administrator to issue an order that the increase in the pay of secretaries and clerks should be included, or that only increases in labor costs, of persons employed in certain jobs, should be included?

Mr. MILLIKIN. The amendment provides that if there is a roll-back extending beyond January of this year, the seller shall be given all his costs.

Mr. MAYBANK. Who is going to figure the costs?

Mr. MILLIKIN. In the first instance, I assume that the seller of the article will figure his own ceiling; but that is always subject to the overriding authority of the Price Administrator. That is the way they are now figuring on doing it.

Mr. MAYBANK. They are not going to do it that way if this bill passes.

Mr. MILLIKIN. I do not care whether they do it by allowing the individual seller himself to determine the ceiling price in the first instance, or whether it is done in the first instance by the Office of the Price Administrator. All I am insisting on is that it be done on an article-by-article basis.

Mr. MAYBANK. I agree with the Senator.

Mr. MILLIKIN. Let me make one further suggestion. If that should impede the scope of the roll-backs, it would be agreeable to me, because I do not want any roll-backs which do not take account of the individual seller's problem.

Mr. MAYBANK. I thoroughly agree with the Senator, and I am in hearty accord with him. But I cannot figure—and it is probably because we have not had hearings on the Senator's amendment—how in the world each individual case could be handled. In the copper industry each interest would have a different base. In the textile industry each operator would have a different base. A mill in one place would have cheaper electricity than a mill in another place. Everyone would have to be considered by itself.

Mr. MILLIKIN. That, I will say to the good Senator, is the premise to my argument. Unless we take into consideration those very differences, we do grave injustice when we try to apply averages to the individual.

Mr. MAYBANK. I agree with the Senator.

Mr. MILLIKIN. I repeat that if it would limit the extent of the roll-backs, I want them limited; and I do not want to do injustice to the individual sellers of these items.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. LEHMAN. I wonder if the Senator will explain the mechanics of his proposal in connection with specific instances. Take the case of cotton cloth. Cotton cloth has a ceiling based upon a price of 45 cents for cotton. We know that cotton is selling now at 36½ cents. Under the Senator's amendment, how would it be possible to reduce the ceiling on cotton cloth to a level based upon cotton actually selling today at 36½ cents rather than 45 cents?

Mr. MILLIKIN. If a roll-back is made beyond January, the roll-back must consider the increased or decreased cost from the time the roll-back becomes effective—

Mr. LEHMAN. Roll-backs will not be permitted under the amendment adopted yesterday.

Mr. MILLIKIN. Yes. Under this amendment if a roll-back is made, the increased cost must be allowed to the man who makes the goods.

Mr. MAYBANK. Mr. President, will the Senator further yield?

Mr. MILLIKIN. I yield.

Mr. MAYBANK. The Senator from New York continually brings up the subject of cotton. Of course, New York is the biggest cotton market there is. The big financiers are there, those who make money out of the cotton mills and the cotton farmers. I realize that they are in New York. However, every cotton mill has a different cost. The Senator knows the State of Alabama well. His family originally came from there. He knows many of the cotton producers in that State. He is devoted to his firm. I myself have had associations with them in years gone by. Every cotton mill has a different cost. There is a different power rate in the case of TVA than there is in the case of the Duke Power Co. in the Carolinas. Every mill would have a different cost. If I construe the amendment aright, a thousand mills would each have a different ceiling. Is that correct?

Mr. MILLIKIN. The Senator is correct. The business of the United States cannot be operated on any other basis except that of the costs of individual businesses. A man who is losing money in his operation cannot raise \$1 at the bank on the basis of the average of some other business.

Mr. IVES. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. IVES. I understand that the Senator's amendment is identical with the one offered yesterday, with the exception of the one word "articles," for which there has been substituted the word "materials."

Mr. MILLIKIN. That is correct. I use the word "materials" because I am told that that word is already in the law and in the regulations, and has a meaning equivalent to "articles."

Mr. IVES. That being the situation, I ask the distinguished Senator from Colorado to what point in the past roll-backs can be made under the terms of his amendment. Does the Senator construe the amendment to be limited to the period from May 24, 1950, to June 25, 1950, or some date prior thereto?

Mr. MILLIKIN. It could be taken back to the time of the Korean invasion, under the other language of the bill.

Mr. IVES. I thank the Senator.

Mr. MILLIKIN. In addition to the limitation which is imposed by the fact that this provision must apply to materials, it includes all costs, not only direct material costs, not only direct labor costs, but all costs. When the sheriff puts the red flag in front of a business establishment because its liabilities exceed its assets, that condition could have come

about through, for example, overhead, just as it could have come about by direct labor costs or direct material costs.

If those two conditions, namely, giving assurance of justice to the seller as to particular materials, and including all costs from the time the roll-back becomes effective, should have the effect of reducing the number of roll-backs, that is agreeable to me. I do not want any roll-backs unless those conditions are met.

However, the main point of this amendment is that many of us who, in the main, are supporting the committee bill do not want to put blanket approval on prices as of the first of the year, many of which were unconscionably swollen, made so by persons who took advantage of the Nation's distress in Korea. Personally I want no part of that. I am perfectly willing to have an exception that will permit us to make a roll-back if it is a just roll-back.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. HUMPHREY. I am very much in sympathy with the general objective of the Senator from Colorado. I think I understand what he is driving at in terms of roll-backs, taking into consideration additional costs which have accumulated since the time of the Korean invasion.

The problem I have in mind—and I ask the Senator in all sincerity for information—is this: Just how would this provision be administered? For example, take a metal processing shop or a pants factory, or a manufacturer of a number of agricultural items. Take even such items as lawn mowers. There are dozens of shop and factories. How would the provision be applied? How would the administrative machinery be set up to do the job?

Mr. MILLIKIN. That question should really be asked of the Price Administrator, because the Price Administration has already set up machinery for the establishment of individual ceilings. Since it has done so, and since it is already operating in part on the theory of self-establishment of the proper ceiling, subject, of course, to the Price Administrators' final review, I propound no administrative difficulty which is any different from that which exists.

Mr. HUMPHREY. Is it not possible that commodities might be considered in categories. For example, take cement, or a particular type of lumber product which may be processed or manufactured by a number of mills or factories.

I recognize, of course, that such a method of handling the problem might involve some inequity. But how can we take each individual commodity, each individual plant, and each respective area in the country and handle the problem satisfactorily without having literally thousands upon thousands of people trying to administer a program of roll-backs with respect to which the administrative cost would add up to more than the roll-backs?

Mr. MILLIKIN. I would say to the distinguished Senator from Minnesota that every seller must do precisely that. He must take care of his cost on every

item he makes. There is nothing new in the process, if the Office of the Administrator is to follow the system, of having initially a self-imposed ceiling by the seller.

Mr. HUMPHREY. The Senator from Colorado has made a stirring and telling argument on why roll-backs are needed. Apparently the only argument is as to how roll-backs should best be made. No one has stated more concisely or more clearly the issue on that point than has the Senator from Colorado. No one has stated more clearly the fact that we have put into the body of the law the iniquity of selfishness and greed from June 25 to January 25. That is what we have done by stopping all roll-backs. If the Senator from Colorado can show me how we can work out his plan I shall be glad to join with him.

Mr. MILLIKIN. I will say to the Senator from Minnesota that, since the Douglas amendment was lost yesterday, my amendment may not be everything the distinguished Senator would like to have, but it is the best that is before him, and probably the best that will come before him.

Mr. HUMPHREY. I think the Senator is being prophetic. "Almost thou persuadest me." Although the administrative difficulty involved has not been clarified, I am almost persuaded. I wish the Senator would tell us more.

Mr. MILLIKIN. I cannot tell the Senator any more than that every seller is concerned with the cost of every article he makes.

The PRESIDING OFFICER. The time of the Senator from Colorado has expired.

Mr. MAYBANK. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. Fifteen minutes.

Mr. MAYBANK. I yield five more minutes to the Senator from Colorado, if that is sufficient. I merely wish to say that the testimony before our committee was to the effect that there were three and a half million or three and a quarter million businesses in the United States. If we tried to handle every business separately we would have quite an administrative problem on our hands.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield to the Senator from Ohio.

Mr. TAFT. As I understand, the exception involved here is an exception to the prohibition on roll-backs.

Mr. MILLIKIN. Yes.

Mr. TAFT. It does not modify the general provision of the Defense Control Act which provides for May 24, 1950, to June 24, 1950.

Mr. MILLIKIN. That is correct. The ultimate roll-back date is the date which the Senator has mentioned, because it is in the act.

Mr. TAFT. In the opinion of the Senator, the OPS could not go back to some pre-Korean date, when profits were abnormally low, and fix that as the starting point, could it?

Mr. MILLIKIN. I thought I had answered the Senator from New York that the provision that is in the bill does

exactly what the Senator from Ohio has suggested.

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. TOBEY. I wish to congratulate the distinguished Senator from Colorado for using the almost-forgotten word "material," instead of the compromise "matériel." I get darn tired of hearing "matériel" supersede the good old Yankee word "material."

Mr. MILLIKIN. I am glad to adopt the good Yankee word "material."

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. LEHMAN. I am interested in the Senator's proposal; but I am concerned about the administrative difficulties involved. The Senator from South Carolina, in referring to the example of cotton cloth and cotton, which had gone down sharply in value, stated that it would be necessary under the plan of the Senator from Colorado to fix different prices for every kind of cotton cloth and for every mill. We could take, for example, manufactured ladies' garments. I do not know how many thousand manufacturers of ladies' garments there are in the city of New York or how many retailers and wholesalers there are. They make all sorts of garments and all sorts of similar articles under different conditions. Do I correctly understand that the Senator's plan would mean that the price of each article would be based on the conditions relating to its manufacture in the individual plants?

Mr. MILLIKIN. First of all, my amendment does not mandate any roll-back. It gives permission for certain types of roll-backs. If in the administration of the act it is found impractical to have roll-backs in any particular industry, I do not see how the office of Price Stabilization could be mandated by my amendment to apply them. I know they are not mandated. All we are doing is giving permission. If application of the provision is impractical in any field, there need not be any roll-back.

Mr. LEHMAN. I notice the Senator from Colorado exempts agricultural commodities from the amendment.

Mr. MILLIKIN. Yes.

Mr. LEHMAN. Would that include beef?

Mr. MILLIKIN. Yes. Such action has already been taken by the Senate, so I am proposing something which I believe has practical relationship to the realities, after the votes of yesterday.

Mr. LEHMAN. If the Senator will yield further, I should like to say that I am deeply concerned with the price of food on the table of the average American family. Therefore I cannot support any amendment which does not include the possibility of applying roll-backs to food.

Mr. MILLIKIN. My amendment does not cover the subject of food, because that subject is already covered in the bill. The amendment merely recognizes that fact and goes on into a field outside of food. If I may make a suggestion, the Senator from New York can support my amendment. If he does not

like all of the provisions, in the bill after it has been amended he can vote against the bill.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. LANGER. I have always admired the distinguished Senator from Colorado for his very great frankness and honesty in debate on the floor. As I understand, the distinguished Senator is opposed to roll-backs of any kind or description. Is my understanding correct?

Mr. MILLIKIN. No; that is not correct. I am opposed to them philosophically. I wish we did not have any roll-backs, speaking generally. My amendment would authorize roll-backs under the conditions stated. Therefore I cannot answer the Senator by saying that I am opposed to all roll-backs. I am willing to authorize roll-backs under the conditions contained in my amendment.

Mr. LANGER. If a manufactured article contains 150 ingredients, or parts, and the Administrator must take the time necessary to find out the cost of each one of the 150 parts, most certainly there would be a delay of months, with the net result that there would be no roll-back.

Mr. MILLIKIN. I do not wish for one moment to represent to the Senator from North Dakota that any type of roll-back which could be proposed would not have a certain amount of inconvenience, harassment, and possible injustice in it. I would not dream of representing that to the Senator from North Dakota. However, there is also the possibility of injustice in having a base ceiling price which includes extortionate grasping. When I met with the problem I said, "I do not want general roll-backs. How shall I make exceptions?"

Mr. HUMPHREY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The time of the Senator from Colorado has expired.

Mr. MAYBANK. I shall be glad to yield more time to the Senator from Colorado.

Mr. HUMPHREY. Mr. President will the Senator yield?

Mr. MAYBANK. I shall yield to the Senator from Indiana [Mr. CAPEHART] and to the Senator from Colorado [Mr. MILLIKIN] as much time as they desire to take. I had promised to yield some time to the Senator from Oregon [Mr. MORSE] on another subject. However, inasmuch as we are now proceeding under a limitation of time on the pending amendment, I shall yield the remainder of my time as I have been requested. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from South Carolina has 7 minutes remaining.

Mr. MAYBANK. I yield the 7 minutes to Senators who wish to discuss the amendment.

Mr. HUMPHREY. I should like to have 3 minutes.

Mr. CAPEHART. I should like to have 5 minutes.

Mr. MAYBANK. I do not have that much time. I yield 2 minutes to the

Senator from Minnesota and 4 minutes to the Senator from Indiana. How much time do I have remaining?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Minnesota?

Mr. HUMPHREY. It would be better if I could ask the Senator to yield 2 minutes to me, so that I could state my case and have the Senator from Colorado make his observation in his own time.

Mr. MILLIKIN. I have no time remaining.

Mr. HUMPHREY. I am certain that the Senator from Indiana [Mr. CAPEHART] will give us some of his time. As I see it, the amendment of the Senator from Colorado has as its objective the granting of roll-backs on commodities other than agricultural products. It may be that a thousand firms would be involved, which would mean that it would be necessary to check into a thousand separate cases, with thousands of computations of costs and thousands of prices pertaining to the material or article which is processed.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MILLIKIN. In the first place, I suggest that there are all those complications in the present system; in the second place, no price roll-back is mandated by the amendment; and third, if there is any field carrying the ultimate confusions to which the Senator from Minnesota refers, there need not be a price roll-back. So I am assuming—although perhaps it is an unwarranted assumption—that there will be a little bit of sense in the administration of this provision.

Mr. HUMPHREY. Certainly I wish to proceed on the basis of that assumption also.

I say that in the case of a roll-back on a commodity category basis, provision is always made for taking care of inequities and hardships. In fact, I can present to the Senate letter after letter showing that individual merchants and processors of materials have already been taken care of under the inequity and hardship regulations.

Furthermore, Mr. President, if a roll-back were made under the provisions of this amendment, the result might be to call for a complete recomputation of all ceiling prices in a competitive field.

I also point out that the amendment includes all costs. In other words, it will allow the abuses which have been referred to in connection with the excess-profits tax. That matter was discussed here at some length, and considerable worry was expressed about it. The amendment would include legal costs, advertising costs, entertainment costs, and all other costs. In other words, under the amendment, all costs must be included in establishing the price.

Under the competitive enterprise system, we attempt to have some cost absorption, not simply cost accounting. It is in that way that a manufacturer is able to sell his product and to compete with other manufacturers who have similar products to sell. However, under this

amendment, all costs will be allowed for, and there will be no cost absorption.

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

Mr. HUMPHREY. Mr. President, if I may conclude, let me say that the motive of the Senator from Colorado in offering the amendment is good, but I am very doubtful how the amendment would apply and whether it would not do more harm than good.

Mr. MAYBANK. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from South Carolina has 4 minutes remaining.

Mr. MAYBANK. Then I yield the remainder of my time to the Senator from Indiana [Mr. CAPEHART].

The PRESIDING OFFICER. The Senator from Indiana is recognized for 4 minutes.

Mr. CAPEHART. Mr. President, there seems to be some confusion about the amendment; it seems to appeal to both schools of thought as something desirable.

The amendment would permit every seller since the date of the invasion of Korea or since the date of the enactment of the present law to increase his prices in direct proportion as his costs have increased. The amendment would do exactly that, no more and no less.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. MILLIKIN. I suggest that the Senator is incorrect. Under the wording of the amendment, a price can be lowered if the costs have decreased; and, in the second place, there does not have to be a roll-back if that is the result.

Mr. CAPEHART. That is correct.

Mr. MILLIKIN. I assume that it will not be the major purpose of the Administrator to provide for roll-backs in order to provide for increases in prices.

Mr. CAPEHART. In other words, the amendment would permit every seller to increase the price of his goods if his costs have increased; or if his costs have decreased, the amendment would permit a roll-back.

Mr. MILLIKIN. Yes, if there is a roll-back in that field.

Mr. CAPEHART. I am not so sure that I understand that to follow from the amendment, but possibly the amendment does cover that point.

Mr. President, this amendment really would permit the sellers between the time of the invasion of Korea and January 25, 1951, to increase their prices in direct proportion to the increase in their costs, provided that their prices are no higher than their prices were on January 25. In other words, the amendment takes care of the categories of businesses which many Senators on the other side of the aisle have been talking about for the past several days—businesses which held their prices voluntarily and patriotically, and did not increase them. The amendment would force the Administrator to permit those businesses to increase their prices in

direct proportion to the increase in their costs.

Mr. MILLIKIN. But only if there is a roll-back in that field. There would not have to be a roll-back for every article that is made in this country.

Mr. CAPEHART. I do not understand that the amendment would apply only when there is a roll-back in the specific field.

I should like to suggest to the chairman of the committee that he accept the amendment and take it to conference, with the understanding that if, after talking about it with the Administrator, the amendment is deemed to be practical and workable, it be included in the bill.

Mr. MAYBANK. I have no objection to taking the amendment to conference if the Senate desires to have me do so. However, the amendment has never been before the committee, and no hearings have been held on it. I recall that the testimony was that there are 3,500,000 different business concerns in the United States; and under the provisions of this amendment, each one of them would have to have a different ceiling for the goods sold, as a result of adding to the costs hotel expenses, telephone expenses, electric-light expenses, entertainment expenses—perhaps at the Mayflower Hotel, or elsewhere—and so forth. Each one would have to have a different ceiling.

Mr. CAPEHART. Of course, at the moment the Administrator is doing exactly what the amendment calls for.

Mr. MAYBANK. Oh, no.

Mr. CAPEHART. Except the Administrator is not including as many costs as the amendment would include.

Mr. MAYBANK. Yes, the amendment would call for the inclusion of all costs, including hotel expenses, pullman reservation expenses, expenses for airplane travel, and all other expenses.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. ANDERSON. If the Senator is correct when he says that the amendment would permit prices to be rolled up in accordance with increases in costs, rather than to be rolled back, then certainly the amendment should not be taken to conference.

Mr. CAPEHART. The amendment does not do anything more than is permitted at the moment; in other words, to have price increases based upon cost increases, except that the amendment covers more costs than those which now are allowed to be taken into consideration.

The PRESIDING OFFICER. All time on the amendment of the Senator from Colorado has expired.

Mr. HUMPHREY. Mr. President, to the amendment of the Senator from Colorado, I submit the following amendment: In line 5, strike out the words "in the case of an individual seller."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota to that amendment of the Senator from Colorado.

The Senator from Minnesota is recognized for 15 minutes.

Mr. MILLIKIN. Mr. President, will the Senator yield to me?

Mr. HUMPHREY. I am glad to yield.

Mr. MILLIKIN. If we can have the amendment taken to conference, I shall agree to modify the amendment by deleting from it the words covered by the amendment just offered by the Senator from Minnesota to my amendment, and also by deleting the words "of such seller" in line 8, for I think that modification also should be made, in order to conform with the modification in line 5.

Mr. HUMPHREY. In other words, the Senator from Colorado would also modify his amendment by striking out the words "of such seller" in line 8. Is that correct?

Mr. MILLIKIN. Yes, in order to make the entire amendment conform to the change suggested by the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, if the chairman of the committee will accept the amendment as thus modified, I see no reason for further discussion.

Mr. MILLIKIN. I do not, either.

The PRESIDING OFFICER. The Senator from Colorado has a right to modify his amendment. Does he modify it?

Mr. MILLIKIN. I should like to know whether the amendment will then go to conference.

Mr. MAYBANK. Mr. President, it is my understanding that, with the modification, the amendment will be the same as the amendment we voted on yesterday and rejected by a vote of 25 in favor and 62 in opposition. Am I mistaken about that?

Mr. MILLIKIN. I would say that the Senator is mistaken. Yesterday we did not vote on any amendment which, for example, would include all costs. So this amendment is not the same as an amendment which we voted on yesterday.

Mr. MAYBANK. Yes, that is correct.

Mr. MILLIKIN. Yesterday we did not vote on an amendment which would provide a limitation, material by material. Therefore, this amendment is not the same as any amendment on which we voted yesterday.

The PRESIDING OFFICER. The Chair points out that all time on the amendment has expired.

Mr. MAYBANK. Mr. President, another amendment is now before us.

Mr. CAPEHART. Mr. President, I suggest the absence of a quorum.

Mr. HUMPHREY. Mr. President, I have submitted an amendment to the amendment of the Senator from Colorado. Therefore, I have the floor; and I yield only for questions.

Mr. CAPEHART. Mr. President, a parliamentary inquiry.

Mr. MAYBANK. Mr. President, I understood the Senator from Minnesota to submit an amendment to the amendment of the Senator from Colorado, and I understood the Senator from Colorado to start to say that he would accept that amendment as a modification of his own amendment; but then he hesitated, and

inquired whether the amendment as thus modified would be taken to conference.

Mr. MILLIKIN. Mr. President, I said that I would accept as a modification of my amendment the amendment submitted to it by the Senator from Minnesota, if the amendment as thus modified would be taken to conference.

Mr. MAYBANK. Then I pointed out that no hearings were held on the amendment; and, in fact, the amendment submitted by the Senator from Minnesota to the amendment of the Senator from Colorado is not even at the desk. The Senator from Minnesota merely read his amendment, after writing it out on a piece of paper. Therefore, I think there should be some debate on the amendment.

The PRESIDING OFFICER. For the information of the Chair, the Chair wishes to inquire whether the Senator from Colorado modifies his amendment.

Mr. MILLIKIN. Mr. President, I modify my amendment by deleting, in line 5, the words "in the case of an individual seller." And also by deleting, in line 8, the words "of such seller."

The PRESIDING OFFICER. Does the amendment as now modified conform to the amendment submitted by the Senator from Minnesota to the amendment of the Senator from Colorado?

Mr. HUMPHREY. I believe so, Mr. President; and I certainly accept that modification. Certainly we are now having some discussion of this proposal.

Mr. President, I should like to submit another amendment to the amendment of the Senator from Colorado.

Mr. CAPEHART. Mr. President, a parliamentary inquiry.

Mr. MAYBANK. Mr. President—

Mr. CAPEHART. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator from Indiana will state the point of order.

Mr. CAPEHART. Since there is no motion or amendment before the Senate at the moment, I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from Minnesota yield for the purpose of the suggestion of the absence of a quorum?

Mr. HUMPHREY. No; I do not yield.

The PRESIDING OFFICER. The Senator declines to yield.

Mr. CAPEHART. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. CAPEHART. Under the unanimous agreement, no Senator can have the floor when the time for debate has expired, and when the time comes for a vote. Is that not correct?

Mr. ANDERSON. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. ANDERSON. The Senator from Minnesota did not withdraw his amendment. The mere fact that the Senator from Colorado modifies his amendment does not wipe his amendment out of existence.

Mr. CAPEHART. I submit that it does.

Mr. ANDERSON. Of course, it does not.

The PRESIDING OFFICER. The action by the Senator from Colorado disposed of the amendment which had been presented by the Senator from Minnesota. The Senator from Minnesota was recognized for the purpose of offering another amendment. He cannot be taken from the floor for the purpose of suggesting the absence of a quorum.

Mr. MAYBANK. Mr. President, I should like to address a question to the Senator from Minnesota to be charged to my time, because I presume I shall have 15 minutes more.

Mr. HUMPHREY. I yield.

Mr. MAYBANK. Is the Senator from Minnesota going to discuss the amendment which he so ably drafted in long-hand at the desk a few moments ago?

Mr. HUMPHREY. No. I may say to the distinguished chairman of the committee that the first amendment of the Senator from Minnesota was graciously accepted by the mover of the main amendment.

Mr. MAYBANK. What is the amendment now?

Mr. HUMPHREY. The next amendment I have not yet had a chance to read.

Mr. MAYBANK. Has the Senator had a chance yet to write it? [Laughter.]

Mr. HUMPHREY. Yes; I have had a chance to write it. I may say that not only have I had a chance to write it, but I have had time in which to memorize it.

Mr. MAYBANK. If I may, I should like to ask the Senator from Minnesota whether I may see the amendment and give it to the committee staff, so they may at least have 15 minutes in which to peruse it, while the Senator speaks.

Mr. HUMPHREY. If the Senator will yield for a moment, perhaps I shall be able to furnish him with a certified copy of the amendment.

Mr. TOBEY. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. TOBEY. I have a profound parliamentary inquiry to propound at this time to the distinguished occupant of the chair, and it is in few words: Where are we at? [Laughter.]

The PRESIDING OFFICER. The Chair will state "where we are at." The Senator from Minnesota had been recognized. He evinced a desire to offer an amendment. If he desires to do so, let the Senator from Minnesota send the amendment to the desk to be read.

Mr. HUMPHREY. Mr. President, the Senator from Minnesota prefers to read it, after which he will be glad to send it to the desk. It is to the Millikin amendment, and reads:

In line 7, strike out the word "all" and insert in lieu thereof the words "actual factory and labor costs, including reasonable allowances for other."

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 15 minutes.

Mr. HUMPHREY. The purpose of this amendment, after the acceptance of the first amendment, is—

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I cannot yield at this time. We have had sufficient confusion here, in connection with this amendment, and I should like to try to bring a little continuity into what we have been doing.

The PRESIDING OFFICER. The Senator from Minnesota will suspend until the clerk reads the amendment which has been sent to the desk by the Senator from Minnesota.

Mr. HUMPHREY. I shall be delighted to do so.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. It is proposed to amend the amendment of Mr. MILLIKIN, in line 7, by striking out the word "all" and inserting the words "actual factory and labor costs, including reasonable allowances for other", so as to make the amendment read:

On page 2, line 13, after the period, insert the following new sentence: "Nothing in this paragraph shall prohibit the establishment or maintenance of a ceiling price with respect to any material (other than an agricultural commodity) which is based upon a period prior to January 25, 1951, if such ceiling price reflects adjustments for increases or decreases in actual factory and labor costs, including reasonable allowances for other costs occurring subsequent to such period."

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 15 minutes.

Mr. HUMPHREY. The original amendment was proposed by the distinguished Senator from Colorado [Mr. MILLIKIN]. The first amendment, it has been noted, was to strike out "in the case of an individual seller," thereby permitting it to apply to at least a group of commodities, rather than to subject each individual to investigation.

The second thing attempted to be done is to permit some cost absorption. In other words, the second amendment presented by the junior Senator from Minnesota defines what is meant by "adjustments for increases or decreases in costs." As the Senator from Colorado offered the amendment, it read "all costs." The amendment of the Senator from Minnesota says "actual factory and labor costs, including reasonable allowances for other costs." In other words, it places some administrative discretion in the computation of what we might call "costs."

At the best, the Millikin amendment, with the two perfecting amendments, is anything but an answer to the problem of high prices and the necessity for roll-backs. It was the desire of the Senator from Minnesota, in suggesting these two amendments, to try to improve the original amendment of the Senator from Colorado, because possibly this is the best we are going to be able to get in terms of any roll-back.

So far as I am concerned, I believe that there ought to be no limitations, no exceptions, on roll-backs, and that agricultural commodities, manufactured commodities, and so forth, should all be treated alike. But the Senator from Colorado, I think, stated, let me say, a

fairly practical and realistic assumption, when he said that if we are to get any kind of roll-back provision in this bill, it will be the one suggested by him. That may be the case; and, recognizing that it may be the case, it has been the desire of the Senator from Minnesota to improve it, and to improve it to a point where we can at least make it; first, administratively manageable, and second where we do not put a premium upon increased costs; because the original amendment included all costs to be reflected in adjustments, and "all costs" would include everything, from legal services to superadvertising, social services, or anything else that one might want to include as a cost item.

In the 2 minutes of the Senator from South Carolina, which the chairman of the committee permitted me to have, I pointed out that modern competitive industry makes it a policy to absorb certain costs. They have absorbed labor costs. They have absorbed advertising costs. They have absorbed tax costs. In other words, industries are known to have an increase in the cost of labor, an increase in the cost of advertising, and an increase in the cost of taxes, and at the same time, are not able to raise the price of the article or the material or the commodity.

This is what we call the competitive process, being able to stimulate the market and increase the consumption of goods, and to improve the processing of the goods, so as to be able to absorb the costs.

I am unalterably opposed to the Congress of the United States writing into law a provision that all costs may be absorbed in the price, or may be included in the price. As a matter of fact, that would be a violation of the competitive principle.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from Colorado.

Mr. MILLIKIN. How would this suit the Senator? Let the amendment I have proposed read as it does, down to "January 25, 1951," then continue: "if such ceiling price reflects adjustments for increases or decreases in all direct labor and material costs and fair, adequate allowances for all indirect costs of such seller occurring subsequent to such period." I think that meets the principle which the Senator is aiming at.

Mr. BENTON. Mr. President, will the Senator yield for a question?

Mr. HUMPHREY. I shall yield first. Then I shall comment on the suggestion of the Senator from Colorado.

Mr. BENTON. Will the Senator comment on the effect that a legal interpretation of the amendment proposed by the Senator from Colorado might have on putting the entire American economy upon the basis of what amounts to a cost-plus system? Under this amendment, cannot the manufacturer of any scarce commodity undertake any kind of advertising he desires; and, if so, who is to prove that it is not a reasonable cost? Again, can the producer of any scarce commodity employ any lawyers he wants; and, if so, who is to prove that

that is not a reasonable cost? Can the maker of any scarce commodity engage in any manner or kind of extravagant expenditure, as unhappily many companies are stimulated to do under too high excess profits taxes? Would not that be the result of this amendment?

Mr. HUMPHREY. That is the point toward which I have been directing my remarks. We are writing into the price structure any kind of charge that anyone might want to include as a cost item. I recognize that the Senator from Colorado has modified his original amendment. I wish he would read the last words of it.

Mr. MILLIKIN. I have tried to meet what the Senator from Minnesota was talking about, and also, I think, what the Senator from Connecticut was speaking of. The last clause would read, "If such ceiling price reflects adjustments for increases or decreases in all direct labor and material costs and fair and adequate allowances for all indirect costs of such seller occurring subsequent to such period."

Mr. HUMPHREY. I think that is a decided improvement.

Mr. BENTON. I agree.

Mr. HUMPHREY. I think it goes much further than did the original amendment. What I have been doing is trying to gain some time so that Senators who know a good deal about economic legislation could come to the floor and discuss the question. We undertake to legislate with a handful of Senators who have not really given their full attention to the problem. I am glad to bring into the argument a few Senators who can shed some light on the question.

I yield to the Senator from New Mexico.

Mr. ANDERSON. Mr. President, I wonder if the Senator includes, in the group he mentions, Senators who listen to a few words and realize what they mean with reference to the entire structure. The Senator from Indiana [Mr. CAPEHART] made a statement a while ago, and I have not heard any satisfactory rebuttal of what he said at that time. If this is an amendment to roll back prices where there have been increased costs since the Korean War, I think it should be studied. No one has yet made a satisfactory answer.

Mr. HUMPHREY. In substance I have agreed with what I think the Senator from Indiana very well pointed out. We are setting a pattern for all costs without any cost absorption. I was trying to modify it. Instead of having to cut off both arms, I thought we might save two or three fingers, at least, if we are to have this kind of an operation.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. LEHMAN. I think the proposal made by the Senator from Colorado, although made in the best of faith, is of little if any assistance to the people. It simply means a survey of cost-plus contracts. The Senator from Minnesota has stated that it is possibly the best we can get. I do not agree with the Senator from Minnesota or with the distinguished Senator from Colorado that this

is the best we can get. It may be the best we can get today, or tomorrow, or Saturday; but I believe that when this bill is passed it will make it impossible to set in motion roll-backs and make it impossible really to control the economy of the country for the purpose of reducing living costs, and not increasing them. There will be much resentment and an outcry not only by the householder and consumer, but also by business itself. I am not willing to compromise on any amendment of this kind.

Mr. HUMPHREY. I want to say to the Senator from New York that I have not said I shall vote for this amendment even if it be modified 25 times. I have learned that sometimes amendments are adopted without my vote, and if that be the case I shall try to help to improve the situation a little bit. It is not necessary to try to swallow a whole cactus plant. I am attempting to improve the amendment a little. It is no answer to the problem of roll-backs. It is nothing more nor less than some soothing sirup that is none too palatable, but, be that as it may, it may be adopted. Therefore, if we are going to save something, I would rather save 5 cents than to save nothing.

Mr. MILLIKIN. Mr. President, would the Senator mind reading his proposed amendment?

Mr. HUMPHREY. I sent the proposed amendment to the desk.

The PRESIDING OFFICER. The clerk will read the amendment offered by the Senator from Minnesota.

The LEGISLATIVE CLERK. It is proposed to amend the amendment of Mr. MILLIKIN in the following respects:

In line 7, strike out the word "all" and insert "actual factory and labor costs, including reasonable allowance for other costs."

Mr. MILLIKIN. Mr. President, I accept the amendment.

Mr. HUMPHREY. That ends the debate, Mr. President.

Mr. MILLIKIN. And I hope some Senator will not think of something else.

Mr. HUMPHREY. I may say to the Senator from Colorado that, since these two amendments have been accepted, in my opinion we have made some improvement. But let no one forget that what we are doing by this amendment is writing into statute law the principle of cost-plus. We are writing into the statutes of the country the principle of including costs, regardless of what they may be, in connection with the price of a commodity, and destroying the principle of cost absorption. So, Mr. President, after having had the two amendments accepted, I still say that the Millikin amendment should not be made a part of the pending measure. There will be another amendment presented later to provide for real roll-backs which will save the public some money and be meaningful in this bill.

The PRESIDING OFFICER. Does the Senator from Colorado modify his amendment in accordance with the amendment offered by the Senator from Minnesota?

Mr. MILLIKIN. Yes, Mr. President, and I ask for the yeas and nays on the amendment, as modified.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Colorado as modified by the amendment offered by the Senator from Minnesota. On this question the yeas and nays have been requested.

Mr. MAYBANK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MAYBANK. How much time is left?

The PRESIDING OFFICER. No more time remains. All time for debate has expired.

Mr. MAYBANK. I suggest the absence of a quorum.

Mr. CAIN. Mr. President, will the Senator from South Carolina withhold his request for a quorum call?

Mr. MAYBANK. I withhold the request.

Mr. CAIN. It is the intention of the Senator from Washington to offer an amendment to the amendment of the Senator from Colorado.

Mr. MAYBANK. I shall be glad to withdraw my request for a quorum call.

Mr. CAIN. Mr. President, I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Washington to the amendment of the Senator from Colorado.

The LEGISLATIVE CLERK. In the so-called Millikin amendment it is proposed, on line 6, to strike out "January 25, 1951", and insert in lieu thereof "June 25, 1950."

The PRESIDING OFFICER. The Senator from Washington is recognized for 15 minutes.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. CAIN. I yield.

Mr. MILLIKIN. May we have the amendment to the amendment read again?

The PRESIDING OFFICER. The clerk will again read the amendment to the amendment.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the entire amendment, as modified by the Humphrey amendment and the Cain amendment, be stated for the information of the Senate.

The PRESIDING OFFICER. Without objection, the clerk will read the amendment as modified.

The LEGISLATIVE CLERK. On page 2, line 13, after the period, it is proposed to insert the following new sentence:

Nothing in this paragraph shall prohibit the establishment or maintenance of a ceiling price with respect to any material (other than an agricultural commodity) which is based upon a period prior to June 25, 1950, if such ceiling price reflects adjustments for increases or decreases in actual factory and labor costs, including reasonable allowances for other costs occurring subsequent to such period.

RETURN FROM KOREA OF UNITED NATIONS PRISONERS OF WAR

Mr. CAIN. Mr. President, I wish to consume several important minutes of the time of the Senate, for an important

reason. I ask unanimous consent, on behalf of myself and the senior Senator from New Hampshire [Mr. BRIDGES], to submit a resolution, which I ask to have read for the information of the Senate.

The PRESIDING OFFICER (Mr. HENNING in the Chair). Without objection, the resolution will be received and read.

The legislative clerk read as follows:

Resolved, That it is the sense of the Senate that the President of the United States should take such action as may be necessary to advise the representatives of the United Nations responsible for the negotiation of any agreement for the cessation of hostilities in Korea that the United States disapproves of any such agreement unless the North Korean regime and any forces allied with such regime (1) agree to furnish to the United Nations commander in Korea all information in their possession with respect to the 10,000 or more Americans and the other members of the United Nations forces who have been reported missing, missing in action, or taken prisoners of war in Korea and (2) give assurances, satisfactory to such commander, that immediately upon the execution of such agreement all necessary steps will be taken to effectuate delivery at the earliest practicable time of all of those who are alive to such commander or to the representatives of neutral governments designated for such purposes.

Mr. CAIN. Mr. President, the resolution has been offered in my name and that of the senior Senator from New Hampshire [Mr. BRIDGES], and should other Senators wish to sign the resolution during the course of the afternoon, their names will be most welcome.

Mr. President, nothing needs to be said in support of the resolution which has just been sent to the desk. We know that more than 10,000 Americans have been reported as being missing in action in Korea. Logic and common sense tell us that a large number of this total were taken as prisoners of war. We do not know how many of these Americans are yet living. We do not know where the living are being kept or under what conditions and circumstances. All we know is that they are precious Americans who were taken prisoners as they fought to uphold the Allied cause.

All of us know that the enemy has slaughtered and butchered and treated cruelly some of the Americans and Allied soldiers who were taken by the enemy as prisoners of war. We have no reason to believe that the enemy is any more humane or less savage today than he has been in the past. Before any cease-fire order or armistice has been agreed to, the status of the enemy captured and Allied soldiers must be determined. The enemy should be made to agree that, as of the minute the fighting in Korea stops, that every American and Allied prisoner of war who is in the keeping of the enemy must be turned over to a neutral nation or returned to Allied hands.

If we can neither determine where these prisoners of war are being maintained by the enemy or if the enemy will not agree immediately to release these prisoners of war following any cease-fire order, then there should be no cease-fire or armistice in Korea. Unless our enemies in Korea will agree to the recommendations I have offered, America could never trust those enemies,

It is said by some that a Korean armistice on or about the thirty-eighth parallel would amount to a victory for the free nations of the United Nations. The Senator from Washington does not agree with any such view but what he does agree with is that no armistice must be contemplated or sought unless its terms make certain that every living American and Allied person who is now in the hands of our enemies shall be restored to his family, to his nation, and to all of us as soon as the last shot has been fired.

I request that the resolution be referred to the appropriate committee.

The PRESIDING OFFICER. Without objection, the resolution will be so referred.

The resolution (S. Res. 165) submitted by Mr. CAIN (for himself, Mr. BRIDGES, and Mr. DIRKSEN) was referred to the Committee on Foreign Relations.

EXTENSION OF DEFENSE PRODUCTION, AND HOUSING AND RENT ACTS

The Senate resumed the consideration of the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

Mr. CAIN. Mr. President, I withdraw my amendment.

Mr. LEHMAN. Mr. President, I call up an amendment—

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WHERRY. What is the pending question?

The PRESIDING OFFICER. The Chair is advised that there is now before the Senate the amendment offered by the Senator from Colorado, as modified.

Mr. WHERRY. What time is there remaining on the amendment, as modified?

The PRESIDING OFFICER. All time for debate has been exhausted.

Mr. CAIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. All time has expired.

Mr. MAYBANK. Mr. President, I withdrew my demand for the yeas and nays, did I not? Is that not a matter of record?

The PRESIDING OFFICER. The yeas and nays have not been ordered.

Mr. MAYBANK. Then, if I may say so, since the amendment of the Senator from Colorado has been modified, and since—

The PRESIDING OFFICER. All time for debate on the amendment has expired.

Mr. MAYBANK. Mr. President, as chairman of the committee, I inquire whether I can accept the amendment.

Mr. WHERRY. Mr. President, I ask that 2 minutes of time be allotted to the Senator from South Carolina so he may discuss the parliamentary situation.

Mr. DIRKSEN. Mr. President, reserving the right to object—

Mr. MAYBANK. Mr. President, may I have 2 minutes?

The PRESIDING OFFICER. Does the Senator from Illinois withdraw his reservation of the right to object?

Mr. DIRKSEN. Yes, I withdraw my reservation of the right to object.

The PRESIDING OFFICER. Without objection, the Senator from South Carolina will be given 2 minutes.

Mr. MAYBANK. Mr. President, I was obliged to leave the Senate Chamber for a few moments to consult with several Senators. As I understand the parliamentary situation, the question is on the amendment of the Senator from Colorado [Mr. MILLIKIN], modified by the amendment of the Senator from Minnesota [Mr. HUMPHREY]. The Senator from Washington had offered an amendment to the amendment as amended, but he has withdrawn his amendment.

Mr. CAIN. I have indeed, sir.

Mr. MAYBANK. These amendments were hurriedly prepared. I do not think the Senate understands their full import. I will say that I do not. I suggest that, without any obligation on the part of the Senate conferees to hold out for the amendment, that it be taken to conference, so a study can be made of it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Colorado, as modified.

Mr. MORSE. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MORSE. Is the Millikin amendment subject to amendment?

The PRESIDING OFFICER. The Chair is advised that it is.

Mr. MORSE. I send to the desk an amendment which proposes to strike out, in line 4 of the Millikin amendment, the words "(other than an agricultural commodity)," and I wish to speak to the amendment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed in line 4 of the Millikin amendment to strike out "(other than an agricultural commodity)."

Mr. MILLIKIN. Mr. President, may we have the amendment to the amendment again stated? It was just stated, but I did not hear it.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. In line 4 of the Millikin amendment it is proposed to delete the words "(other than an agricultural commodity)", so that the Millikin amendment will read:

Nothing in this paragraph shall prohibit the establishment or maintenance of a ceiling price with respect to any material which is based—

And so forth.

Mr. MORSE. Mr. President, I rise to speak with a rather heavy heart, and I speak only for myself. I speak my honest convictions about the great mistake which I think the Senate of the United States is making in connection with this bill.

We read in today's newspapers that the cost of living in the United States has risen to a point higher than at any other time since the beginning of the defense crisis which hit this country in 1940. I have just completed a trip across the continent to the west coast, where

I delivered five major speeches before audiences that participated with me in open forum discussions on some of the great issues that confront our country. It is obvious that many of my colleagues in the Senate do not share my interpretation of public opinion, because if they did they could not possibly vote as they have voted in recent hours in the Senate. But I want it in the RECORD, Mr. President, that I am satisfied that I know as I cast the votes I have been casting in the Senate on the pending bill that the rank and file of the American people are looking to the Congress of the United States to take some action to check inflation.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. MORSE. I do not yield to any Senator until I have finished my remarks, Mr. President.

The PRESIDING OFFICER. The Senator from Oregon declines to yield.

Mr. MORSE. I am satisfied, Mr. President, that the rank and file of the American people are looking to the Congress of this country to take some action to protect them from the greatest enemy that we have within our country at the present time. Two great enemies are threatening the security of the United States. One is Soviet Russia, which is threatening us in the field of international affairs. The other is the mounting threat of inflation that seeks to weaken the greatest defense weapon we have, namely, our economy. Yet the Congress of the United States, in my judgment—and the Senate at the present hour—is proceeding with a bill which will let loose in the months immediately ahead a tide of inflation which will engulf our free economy if we do not act in the closing hours of this debate to stop the great mistake which a majority of the Members of the Senate are making in connection with this bill.

In my judgment, the people of the country are perfectly aware of the fact, as every freshman in any economics class in America is aware of the fact, that we cannot proceed to spend at the rate of \$60,000,000,000 annually for defense, and throw those defense dollars, which are nonproductive dollars, into the economic stream without running serious risk of inflation. We will be swamped by a flood of inflation if we do not place controls on greedy, selfish interests which want to make theirs while the making is good, at the same time that American blood is being shed in Korea.

Where is the principle of equality of sacrifice in America today, I ask? The consumers recognize it but do the various economic pressure groups including the livestock lobby? In my lifetime I have helped ring the noses of many bulls. I have never thought that I would like a bull-ring in my own nose. I come from a great livestock State; but I wish to say from the floor of the Senate today, as I shall say to the livestock men of my State when they undoubtedly will want to know why I cast the votes which I have cast, that I believe that the livestock industry ought to recognize the principle of equality of sacrifice. That is why I have cast the votes which I have cast. I think it is necessary, if we are

to check the rising tide of inflation which will develop into a typhoon if we do not watch out. We should vote to bring all the economic groups under some reasonable system of controls. That is why I have offered to the Millikin amendment, an amendment which seeks to eliminate the words "other than an agricultural commodity."

I wish to say to the farmers of America that it is in their interest as much as in the interest of any other economic segment of our population that we protect the value of the American dollar. I know of no class in our country which has more to lose from a flood of inflation than the farmers of America. I am satisfied that if we take the facts to the American farmers and to the livestock men we shall find them joining in the demand that the principle of equality of sacrifice be applied uniformly across the country in the economic field, in order to check the rising threat of inflation.

We are now spending at the annual rate of \$60,000,000,000 for defense. If we are to do the job which must be done to make clear to Stalin that he has everything to lose and nothing to gain by a continuation of his aggressive policies through his satellites, if we are to make our great defense weapon strong enough to produce the things we need to place us in such a position that we can lead through strength rather than through weakness in the contest with Soviet Russia, the world around it follows that we must have a stronger control bill than the pending bill.

I think it is perfectly ridiculous to be talking about the law of supply and demand protecting the economy of America, at a time when we are spending \$60,000,000,000 for defense. In a few months I think we are going to be spending at a rate nearer \$80,000,000,000, if we are to do the defense job which needs to be done. If the situation becomes as bad as I am fearful it may become, I believe that within 18 months we shall probably be spending at the annual rate of \$100,000,000,000 a year for defense, to protect the security of the United States.

I care not what the political consequences may be to me personally because of my support of a stronger bill than the pending one. I believe there is a challenge of statesmanship facing the leaders of the country today to tell the American people that now, in the interest of the principle of equality of sacrifice, the time has come to sacrifice as they have never sacrificed before. That applies to the farmers of America and to the livestockmen of America, as well as to every other economic group.

A few minutes ago a young couple from Portland, Oreg., met me in the reception room. They have not been wed very long. The young wife said, "We do not have roast beef now oftener than once every 2 weeks." There are tens of thousands of people in this country who do not have roast beef these days more often than once every 2 weeks. Its price is beyond the pocketbook of too many consumers. Wait until the housewives go into action on this failure of the Congress to impose reasonable controls.

Mr. President, the livestock lobby has no ring in my nose. I am satisfied that in casting the votes I have cast, I have done so on the basis of what time will prove to be sound economic policies for my country.

Although I know it is gratuitous, and although I know that my suggestions will be heeded by my party just as much as they have been in the past—which is practically not at all—I wish to say to the Republican Party from the floor of the Senate today, "You will discover in the campaign of 1952 that you lost a great opportunity when, in this historic debate, you did not stand for stronger controls than did the Democratic Party. The party of the opposition has lost its leadership in recent months. It is hopelessly split and confused. We have a great opportunity, in my judgment, to revise the whole production act in the interest of checking inflation. Instead of that, a majority of the Republicans have followed a course of action on the floor of the Senate which in my judgment, in the months ahead, will open the gates to a tremendous flood of inflation. I am willing to suggest—and let time prove me right or wrong—that when the ballots are marked in 1952 a great many Members of Congress will know whereof I speak today when I say that I am convinced that the rank-and-file consumers of America expect the Congress to do something by way of effective checks upon inflation. We should pass a sounder control law than the vote up to this hour shows this law is going to be. We Republicans should do it in the interest of protecting the consumers of America from the ravages of the high cost of living which comes from uncontrolled inflation. It is not too late, but it requires a right about face. I still hope enough Republicans in the Senate will heed the needs of the people of the country for protection against a run-away higher and higher cost of living.

Mr. MAYBANK. Mr. President, I have listened attentively to the distinguished Senator from Oregon. I am happy and glad to have been a Member of a Congress which passed a strong law, a law which the administration did not even request, last September.

The administration placed in charge of that law no one until January, and then it placed in charge certain individuals for whom I have the utmost personal respect, but who in my judgment have done but little.

I read in the morning newspaper that prices have increased to an all-time high. How does that happen, when it is claimed that prices were frozen as of January 25? The Congress gave the administration ample power.

I am a Democrat, and I will always be a Democrat. However, in justice to the Republican Members of the Senate who voted for the control bill last September I wish to say that they joined with us in writing a strong law. It has never been used. I would suggest that the abuse of Congress results from an attempt to permit those who are responsible for the failure to act promptly under the law to avoid their own responsibility. They have not met their own responsibility.

They have not met their responsibility to the consumers of the country. If the consumers of the country have any quarrel they have it with the way the law has been administered. The law has been on the books for a long time.

Mr. LONG. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. LONG. Is it not correct to say that last year the chairman of the committee was criticized because he was trying to write a much stronger law than the administration wanted to have written. It gave the administration compulsory price control, which the administration never used.

Mr. MAYBANK. The Senator from Louisiana is a member of the committee. He knows the trouble we had in writing a stronger law. It was never used. Now articles appear in the newspapers and statements are made by commentators to the effect that Congress is to blame. Congress wrote a law in September, almost a year ago. The law is on the statute books. I shall not undertake to criticize the administration. However, I am glad that I was a Member of the Congress in which Republicans and Democrats alike wrote a law which would have stopped inflation. Together with some other Senators I suggested that Mr. Baruch come before the committee. He testified before the committee, and he begged for the imposition of controls. At the same time I begged for them. Nothing was done. Now we hear that the Republican are no good, that the Democrats are no good, that the Members of the House are no good, and that the Members of the Senate are no good. It is all done in order to confuse the housewives. The truth is that the administration has failed to act.

May I inquire of the Senator from Indiana how much time he desires to take.

Mr. CAPEHART. How much time will the Senator yield to me?

The PRESIDING OFFICER (Mr. HENNINGS in the chair). The Senator from South Carolina has 12 minutes remaining.

Mr. MAYBANK. I yield 5 minutes to the Senator from Indiana. Then I propose to yield to the Senator from Virginia [Mr. ROBERTSON], in order that he may read a telegram which Mr. Bernard Baruch sent to the committee today. When the Senator from Virginia has concluded his statement, I shall yield to the Senator from Michigan [Mr. MOODY].

I am tired of having the administration trying to blame Congress. I never legislated for the Democratic Party or the Republican Party, or for a Democrat or a Republican, when controls or the welfare of our people were at stake. The committee has always been above politics when controls were involved.

Mr. CAPEHART. Mr. President, I am a member of the Senate Banking and Currency Committee. I have been for 6 years. The Committee on Banking and Currency held hearings for approximately 7 weeks, with some night sessions. The committee has reported to the Senate what it believes to be a good

bill. I have listened to a political speech by the able Senator from Oregon [Mr. MORSE] who never once appeared before the Committee on Banking and Currency to offer an amendment or suggestion. I wrote to the able Senator from Oregon, inviting him to make suggestions on the control bill. So far as I know, he never opened his mouth. He never offered a suggestion on how the Defense Production bill should be amended or how it should be written.

Now, at an opportune time, in order to make newspaper headlines, he rises on the floor of the Senate and criticizes his own party and Congress.

Mr. LANGER. Mr. President, I raise a point of order. The Senator is not in order in attacking a Member of the Senate. I ask that he take his seat.

The PRESIDING OFFICER. The Senator from North Dakota raises a point of order. In accordance with Rule XIX, the Senator from Indiana will take his seat.

Mr. WHERRY. Mr. President, I move that the Senator from Indiana be allowed to proceed in order.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Nebraska [Mr. WHERRY]. [Putting the question.] The "ayes" have it. The Senator from Indiana may proceed in order.

Mr. CAPEHART. The able Senator from Oregon or any other Senator has a right to criticize. I think those who are criticized have a right to answer the criticism. I, for one, do not like to be criticized by a Senator who has made no effort whatever to help the committee, and who has made no effort so far in the debate on the floor of the Senate in the last 3 or 4 days to offer any suggestion or comment, except to say that the Republican Party is to blame, that the Republican Party had a great opportunity, and that the Democratic Party was to blame.

I wish to join the able Senator from South Carolina [Mr. MAYBANK] in what he said. The blame for inflation in America today lies at the door of the administration. Congress passed a law last September 8 giving the administration the right to control prices and wages. It did not use that power. I, too, read in the newspapers this morning that the cost of living is the highest, I believe, in the history of our Nation. Congress passed a control bill last September 8. It gave the administration the right to control all prices, to control all wages, and to roll prices back if it was felt necessary to do so. It was not done. I do not see how anyone by any stretch of the imagination can blame Congress for high prices, when Congress passed the law, and when the law has been on the statute books since September 8. The law is still in existence, and will be in existence until midnight, Saturday, June 30. I, for one, do not like such attacks on Congress because they are unjustified and unwarranted. There is no need for them. Certainly such attacks should not come from anyone who has offered no suggestions or ideas as to how we might write a stronger defense-production bill or what we could do to meet the problem.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. TAFT. Does the Senator from Indiana know of any substantial difference between the present powers of the Price Administration and those which the Price Administration enjoyed through all of the Second World War, which powers were wholly competent to control prices at the time? Does the Senator know of anything in the law which prevents the exercise of any power which Paul Porter had, which Leon Henderson had, or which Chester Bowles had during the Second World War?

Mr. CAPEHART. In my opinion the act we passed last September 8 was stronger. It gave more power than was given during World War II. Not less power, but more power.

Mr. LONG. Mr. President, it gave more leeway in the control of prices.

Mr. CAPEHART. I yield to the Senator from Louisiana.

Mr. LONG. Is it not also a fact that much time was lost before even an Administrator was appointed?

Mr. CAPEHART. That is correct.

Mr. LONG. After he was appointed many additional months were lost in the slow organization of the agency. After that it was finally proposed to have roll-backs 2 days after the act was to expire.

Mr. CAPEHART. The President could have appointed anyone he cared to appoint. He could have appointed a Cabinet officer. In fact, he should have appointed a member of the Cabinet.

The PRESIDING OFFICER. The time of the Senator from Indiana has expired.

Mr. MAYBANK. Does the Senator from Indiana wish more time yielded to him?

Mr. CAPEHART. No.

Mr. MAYBANK. The law gave the President the right to appoint a Cabinet member.

The PRESIDING OFFICER. The Senator from Oregon has 4 minutes remaining.

Mr. MAYBANK. How much time do I have remaining?

The PRESIDING OFFICER. Five minutes.

Mr. MAYBANK. I agreed to yield to the Senator from Virginia, unless the Senator from Oregon wishes to be recognized.

Mr. ROBERTSON. Mr. President, some days ago Mr. Bernard Baruch called me on the telephone from New York to discuss the Defense Production Act. I told him that I had proposed to the committee that we should continue for 1 year the law we passed last year. He said it would be a good program to follow. He said, "You passed a good law last year. The trouble is you have not had good administration of it." Throughout the deliberations of the committee I urged and begged my colleagues on the committee to support me in the proposal. They did not see fit to do so. We finally wound up by reporting a bill—

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. MAYBANK. The reason why I did not was because the administration of the law had been so ineffective.

Mr. ROBERTSON. We finally wound up with reporting the bill with two amendments, which I think everyone was convinced were going to be adopted, regardless of whether we reported them or did not report them. As a matter of fact, no Senator has even proposed that the automobile amendment be deleted. It is already in the bill up to this point, and I have not heard any Senator clamor to have it removed from the bill.

Members of the House committee said no bill could be passed on that side which did not prohibit additional roll-backs on beef.

The Senate has voted on that point, and I know the Senate has not been influenced by the voting in the committee on this controversial issue. Whether the vote in the committee was 7 to 6 in favor or 7 to 6 in opposition would not, in my opinion, have influenced any votes of Senators on the floor.

Mr. President, I wish to read a telegram which I have received from Mr. Baruch:

NEW YORK, N. Y., June 28, 1951.
Hon. A. WILLIS ROBERTSON,
United States Senate,
Washington, D. C.:

I am sending the following telegram to the chairman of the Senate and House Banking and Currency Committees. The wise and statesmanlike thing to do would be to return to the position of simply extending the existing laws as you and I originally desired.

Message to MAYBANK follows: "Price-control law now before Senate would be grave blow to country. In view of newspaper reports that House of Representatives will have time only to extend present law, may I suggest would be wise and constructive for Congress to extend existing law and use the opportunity thus afforded to reconsider situation, avoiding hasty, costly action.

"In enacting anti-inflation legislation there is only one sound principle to follow, and which must be basic to any action—all must be brought equally under the law, with favoritism to none.

"To bar price roll-backs for any specific commodities means granting special privileges to those interests. If one or a few things are exempted, where is the justice in denying exemptions to any and all other interests?

"Much of our present difficulties, it is true, are due to the failure to act in time and with courage.

Mr. President, I pause here to say that last October I urged the President of the United States to apply the laws that we had passed, and to apply them immediately, because I predicted, in the course of a long speech, during which I gave all the statistics to prove it, that we were in a highly inflationary period and that then was the time to act. However, as the chairman of the committee has said, the President did not act at that time—for reasons good and sufficient to himself; but we should not now have to take the blame for the President's failure to act then.

I read further from the telegram:

"But if the ship is leaking, that does not justify a policy of scuttle-and-run, with each scrambling to protect his own profit. The mistakes of the past must not be seized upon as an excuse for making new mistakes. Whoever has a just grievance should avail him-

self of the machinery established to correct inequities. But none should seek exemption from the law. This is no time to legislate further inflation.

"To do so would be unfair to the young men who are fighting and dying abroad, to their families, as well as to the millions among the general public who are already being cruelly squeezed by rising prices, heavier taxes, and the depreciation of the value of all savings. It is a triple tribute which is being exacted from the American people, and so much of it is so needless.

"All of us hope the fighting in Korea will soon be ended. A truce there, however, will still leave the urgent task of rebuilding our defenses in time to avert another world war. Are we to carry through this mobilization for peace under a law which treats all alike or under a law which invites every pressure group to put their selfish interests above the national interest?

"Are we to unite against those who seek our destruction? Or are we too divided in fighting among ourselves for petty, material gains? Any favoritism granted now will be of no avail in the end. It can only bring down upon those who have received and those who have granted this favoritism the blame for the evil which will finally come to all."

Would you be good enough to inform your colleagues of the contents of this telegram.
BERNARD M. BARUCH.

The PRESIDING OFFICER. The time of the Senator from Virginia has expired.

The Senator from Oregon has 4 minutes.

Mr. MORSE. Mr. President, I wish to reply briefly to the Senator from Indiana.

There is nothing that could possibly convince me more of the correctness of my position than to know that my views are opposed by the Senator from Indiana.

I think the Republicans on the committee have known all along that last year I fought for the application of the Baruch plan then. Had we put it into effect last summer, instead of taking a recess without adopting the Baruch plan for controls we would have prevented the \$7,000,000,000 of inflation which has occurred since last summer.

Mr. President, I now shall yield 1½ minutes to the Senator from Michigan [Mr. MOODY]; and thereafter I shall yield 1½ minutes to the Senator from New York [Mr. LEHMAN]. When the Senator from New York concludes, I think my time will be exhausted.

Therefore, Mr. President, I now yield 1½ minutes to the Senator from Michigan [Mr. MOODY].

The PRESIDING OFFICER. The Senator from Michigan is recognized for 1½ minutes.

Mr. MOODY. Mr. President, I thank the Senator from Oregon for yielding to me.

I should like to associate myself with everything the Senator from Oregon said a few minutes ago about this situation.

Let me say that I also sent a telegram to Mr. Baruch, and I received from him a reply which is identical with the one received by the Senator from Virginia.

In accordance with that telegram, a little later I shall submit a substitute for the pending bill extending the present law for 11 months, and including the rent control and regulation W provisions as worked out by the Banking and Currency Committee, and also one or two

comparatively minor amendments, as approved by the committee.

I wish to say that it is perfectly true that the controls law was not applied quickly enough. As a result, Members of the Senate and persons outside of Congress are saying that they do not like what has been done, and certain ones are saying, "Here is an excuse to beat the President over the head."

So some are saying that behind the smoke screen thus afforded, there is now an excuse to let prices rise indefinitely and to let certain persons and firms profit at the expense of the public generally, and to place all the blame on the President.

Mr. President, what we are doing now will seriously affect the economy of the Nation during the next year, when we are building our military production to the extent of \$50,000,000,000, and will take that much out of the civilian programs. It is about time that the interest of the consumers, of the American people, is considered ahead of the special interests who hope to profit by inflation at the public's expense.

The PRESIDING OFFICER. The time of the Senator from Michigan has expired.

Mr. MORSE. Mr. President, I now yield 1½ minutes to the Senator from New York.

The PRESIDING OFFICER. The Senator from New York is recognized for 1½ minutes.

Mr. LEHMAN. Mr. President, I wish to say that I fully associate myself with what has been said by the Senator from Oregon.

I do not think anyone can accuse me of seeking headlines or coming in at the eleventh hour. I have been preaching exactly the same thing day after day, ever since the bill came to the Senate.

I have pointed out how unfair the bill is and how bad it is and how unjust it is in regard to the imposition of burdens and sacrifices, and I have begged and pleaded that the Senate improve the bill.

At the present time this is a bad bill. There is little indication that it will be changed for the better on the floor of the Senate within the next 2 or 3 days. I predict, as I have already predicted, that if this bill passes in its present form, there will be so much resentment and opposition from all groups in the Nation—businessmen, farmers, and others—that the Senate will be discredited, and in time will be compelled to make amendments to protect the American people.

Mr. President, I ask that I may be allowed to be associated in name with the amendment submitted by the Senator from Oregon.

Mr. MORSE. I am happy to accept the Senator from New York as a co-sponsor of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon to the amendment of the Senator from Colorado, as modified.

Mr. BENTON. Mr. President, I offer and send to the desk an amendment to the amendment of the Senator from Colorado.

Mr. DIRKSEN. Mr. President, a point of order.

The PRESIDING OFFICER. The gentleman will state it.

Mr. DIRKSEN. The amendment of the Senator from Connecticut would be an amendment in the third degree, if I correctly understand the parliamentary situation.

The PRESIDING OFFICER. The Chair is advised that the amendment of the Senator from Connecticut is not in order until the amendment of the Senator from Oregon to the amendment of the Senator from Colorado as modified has been disposed of.

Mr. BENTON. Then, Mr. President, I withhold my amendment.

Mr. MORSE. Mr. President, I ask for the yeas and nays on the question of agreeing to my amendment to the modified amendment of the Senator from Colorado.

The yeas and nays were not ordered.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Green	McMahon
Anderson	Hayden	Millikin
Bennett	Hendrickson	Monroney
Benton	Hennings	Moody
Bricker	Hickenlooper	Morse
Bridges	Hill	Mundt
Butler, Md.	Hoey	Neely
Butler, Nebr.	Holland	Nixon
Byrd	Humphrey	O'Connor
Cain	Ives	O'Mahoney
Capehart	Jenner	Pastore
Carlson	Johnson, Colo.	Robertson
Case	Johnson, Tex.	Saltonstall
Chavez	Kefauver	Schoeppel
Clements	Kerr	Smith, Maine
Connally	Kilgore	Smith, N. J.
Cordon	Knowland	Smith, N. C.
Dirksen	Langer	Sparkman
Douglas	Lehman	Stennis
Duff	Long	Taft
Dworshak	Magnuson	Thye
Eastland	Malone	Tobey
Ellender	Maybank	Underwood
Ferguson	McCarran	Watkins
Flanders	McCarthy	Welker
Frear	McClellan	Wherry
Fulbright	McFarland	Wiley
George	McKellar	Young
Gillette		

The PRESIDING OFFICER. A quorum is present. The question is on agreeing to the amendment of the Senator from Oregon to the modified amendment of the Senator from Colorado.

Mr. MORSE. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from Wyoming [Mr. HUNT], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

The Senator from South Carolina [Mr. JOHNSTON] is absent on official committee business.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on official business, having been appointed a representative of our Government to attend the International Labor Conference being held in Geneva, Switzerland.

The Senator from Florida [Mr. SMATHERS] is absent because of illness.

Mr. SALTONSTALL. I announce that the Senator from Montana [Mr. ECTON] and the Senator from Massachusetts [Mr. LODGE] are absent on official business. If present and voting, the Senator from Massachusetts [Mr. LODGE] would vote "yea."

The Senator from Pennsylvania [Mr. MARTIN] is absent because of illness.

The Senator for Maine [Mr. BREWSTER], and the Senator from Delaware [Mr. WILLIAMS] are detained on official business. If present and voting, the Senator from Delaware [Mr. WILLIAMS] would vote "yea."

The result was announced—yeas 22, nays 64, as follows:

YEAS—22

Benton	Ives	Neely
Bridges	Kefauver	O'Connor
Douglas	Kilgore	Pastore
Duff	Lehman	Saltonstall
Green	Magnuson	Smith, Maine
Hendrickson	McMahon	Smith, N. J.
Hennings	Moody	
Humphrey	Morse	

NAYS—64

Alken	Fulbright	McKellar
Anderson	George	Millikin
Bennett	Gillette	Monroney
Bricker	Hayden	Mundt
Butler, Md.	Hickenlooper	Nixon
Butler, Nebr.	Hill	O'Mahoney
Byrd	Hoey	Robertson
Cain	Holland	Schoeppel
Capehart	Jenner	Smith, N. C.
Carlson	Johnson, Colo.	Sparkman
Case	Johnson, Tex.	Stennis
Chavez	Kem	Taft
Clements	Kerr	Thye
Connally	Knowland	Tobey
Cordon	Langer	Underwood
Dirksen	Long	Watkins
Dworshak	Malone	Welker
Eastland	Maybank	Wherry
Ellender	McCarran	Wiley
Ferguson	McCarthy	Young
Flanders	McClellan	
Frear	McFarland	

NOT VOTING—10

Brewster	Lodge	Smathers
Ecton	Martin	Williams
Hunt	Murray	
Johnston, S. C.	Russell	

So Mr. MORSE's amendment to Mr. MILLIKIN's amendment, as modified, was rejected.

Mr. BENTON. Mr. President, I ask that my amendment to the modified amendment of the Senator from Colorado be read.

Mr. MCFARLAND. Mr. President, will the Senator yield to me in order that I may make an announcement?

Mr. BENTON. I yield.

Mr. MCFARLAND. Mr. President, I have been asked by many Senators whether we shall finish this bill tonight. We are going to try to finish it; we shall make every effort to do so. If we do not finish it tonight, there will be many more amendments, and we shall probably be here tomorrow night.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Connecticut [Mr. BENTON] to the so-called Millikin amendment, as modified.

The LEGISLATIVE CLERK. It is proposed to amend the amendment offered by Mr. MILLIKIN, as follows:

In line 3 strike out the words "or maintenance."

Mr. MAYBANK. Mr. President, it is my understanding that the Senator

from Connecticut wishes to address the Senate for 15 minutes.

Mr. BENTON. Yes.

Mr. DIRKSEN. Mr. President, will the Senator from Connecticut yield for a unanimous-consent request?

Mr. BENTON. I yield.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the Millikin amendment in its entirety, together with the amendment of the Senator from Connecticut, be stated for the information of the Senate.

The PRESIDING OFFICER. Without objection, the clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed to amend the amendment offered by the Senator from Colorado so as to make it read as follows:

On page 2, line 13, after the period, insert the following new sentence:

"Nothing in this paragraph shall prohibit the establishment of a ceiling price with respect to any material (other than an agricultural commodity) which is based upon a period prior to January 25, 1951, if such ceiling price reflects adjustments for increases or decreases in actual factory and labor costs, including reasonable allowances for other costs occurring subsequent to such period."

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. BENTON. I yield.

Mr. WHERRY. I should like to ask the distinguished Senator from South Carolina whether he is opposed to this amendment.

Mr. MAYBANK. Yes. I suggested that interruptions should be taken out of my time.

Mr. BENTON. I am glad to have the assurance of the Senator in that respect.

Mr. President, I feel fortunate to be privileged to follow the eloquent speech of the Senator from Oregon [Mr. MORSE] of a few minutes ago. I think it is high time in the discussion of this bill now before us that the note of equality of sacrifice be emphasized. It should be emphasized again and again.

In my judgment the amendment of the Senator from Colorado [Mr. MILLIKIN], like the anti-roll-back provision already in the bill, the rent hike in the bill, the black-market amendment we adopted last night on beef—these and other provisions and a whole group of various amendments yet to come—all are part and parcel of the same problem. We are worrying about profits, and about guaranteeing profit on a cost-plus basis, instead of about rising costs and prices during this great emergency.

Mr. President, the bill we are considering today presents in essence a fundamental and essential issue involved in the conduct of our foreign policy. I see distinguished Members of the Foreign Relations Committee on the floor here today. I hope some will agree with me that it is our foreign policy that is at the heart of what we are discussing when we talk about this bill.

This week I had the privilege of visiting in his office with Mr. Charles Wilson. I should like to recall to the Senate a paragraph of his testimony before the Banking and Currency Committee. This

was part of the testimony he offered when he urged a 2-year extension of the present bill with added stronger features, to permit him and his associates to do a job. He said:

With an extension of this act until June 1953, and with the continuing cooperation of all our people—

This last phrase is a note stressed by the Senator from Oregon—

I believe that within 2 years we will be able to achieve economic strength sufficient to maintain military production at high levels and at the same time resume the normal expansion of our supplies of civilian goods. We can then take another look at the powers granted by the Defense Production Act and see which may still be needed and which may be dispensed with.

Mr. President, here in this paragraph from Mr. Wilson's testimony, we have the fundamental thesis that underlies our whole defense effort. We all remember Winston Churchill's advice, "Get strong, and then negotiate." That is the objective of our defense program. It is what Mr. Wilson and his associates are charged to do in our behalf.

In the next 2 years—and Mr. Wilson validated these figures with me only this week—in the next 2 years Mr. Wilson is called upon to achieve an expansion of 18,000,000 tons in our steel-producing capacity. That is an expansion greater than we achieved throughout 4 years of the last war. He expects to achieve an increase of 30 percent in the country's electric-power capacity, and an increase of 100 percent in our aluminum capacity. He is aiming for a capacity of 50,000 airplanes a year, 35,000 tanks a year, and 18,000 jet engines a year. At the same time, he must accumulate reserves of key items sufficient to carry us through the first year of an all-out war.

Now such goals will take at least 2 years to achieve, these involve at least a 2-year effort in the building of plants, in the allocation of materials, in the granting of more than \$5,000,000,000 in certificates of necessity, and in the vast appropriations for the Defense Department.

I also remind the Senate of President Truman's message to the Congress on the Defense Production Act. He said:

There is much more to our production program than simply diverting scarce materials and converting existing plants to defense production. As a Nation we are expanding our ability to produce materials and fuels; we are building new factories and transportation facilities—we are enlarging the economic capacity of the country, so that, in time—

Not this month, not next month, not next March or next July, but in time—2 years, according to Mr. Wilson—

we shall be able to support a high level of military strength, resume our progress in raising living standards, and be stronger for meeting any new military demands.

Mr. President, I submit that the debate of the last 2 days and the many amendments we are discussing in essence boil down to a policy of putting our Defense Production Act wholly out of step with everything else we Americans are now trying to do in the face

of this acute crisis into which we have been precipitated through the threat of Soviet Communism to our freedoms.

Mr. President, I fear that if we cannot be beaten in a hot war, this debate of the last 2 days seems to demonstrate that we face the grave danger that we are going to be brought to our knees by the heavy artillery of the cold war—inflation.

I again call the attention of the Congress to the fact that even if the war in Korea is coming to an end—and pray God that it is—but even if this is so, it is still our national policy that we shall not now relax vigilance.

I further call the attention of the Senate to a provision of the bill we are now discussing, a provision about which we all agree, which is not even being argued about on the floor of the Senate. This is that the bill can be repealed at any time by a concurrent resolution of the two Houses of the Congress and without any approval by the President. Why, therefore, if we can repeal it at any time by a concurrent resolution, why are we so fearful of giving to the able men directing our mobilization program the power they require to do the job?

Mr. President, may I address myself for a moment to the question of on whom the responsibility rests for the rising prices? Does it indeed rest on Mr. Wilson and his associates? Yesterday I spoke at some length on this subject on the floor. These comments are in the CONGRESSIONAL RECORD of this morning, on pages 7446 and 7447.

I agree that there is no doubt that our administrative officers delayed too long in putting into effect sufficiently rigorous controls. On the other hand, it is very hard for us to recapture now the thoughts and motives which were involved last September and October, let us say, when many prices were dropping—in fact, when our armies were succeeding in their march upward through the Korean Peninsula. Our administrative officers are hardly to be blamed too severely if they shared the hopes of many of our business leaders and most of the Members of Congress that controls could be avoided or at least held to a minimum.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. BENTON. I yield for a question.

Mr. HUMPHREY. Does it not seem to be the case that what the administration attempted to do was to work out a program in sympathy with and in co-operation with American business, trying to follow out some of the general policies which the business interests of the country have outlined; and then all at once it found itself in the position of having that business group be unappreciative and coming before Congress and demanding the end of the control system which we have? In other words, it proves again that appeasement does not pay. It proves again that you just cannot do business with people who want to put you out of business.

Mr. BENTON. Mr. President, I think it proves another thing perhaps even more than that. Last fall there was great hope that the economic system could operate largely on a voluntary

basis. Mr. Stuart Symington and other leaders in Washington appealed to leading businessmen throughout the country to help hold our economic system stable on a voluntary basis. Many patriotic and loyal businessmen responded to that appeal and did not raise their prices. One tragic effect of the present section 2 in the bill which we seem about to enact is that we are penalizing the businessmen who voluntarily held their prices down last fall, and we are rewarding those who boosted their prices and those who tried to get the highest prices the market would then bear.

Mr. McMAHON. Mr. President, will the Senator yield?

Mr. BENTON. I am glad to yield to my colleague.

Mr. McMAHON. I ask my colleague if it is not true that most of the prominent American businessmen who spoke on this subject declared that if they were only given an opportunity to make the voluntary system work they would prove that it would operate, and that there would be no necessity for establishing controls.

Mr. BENTON. That was the hope. That was the hope which was widely shared in the Congress last fall. It is therefore not too surprising that Mr. Wilson and his associates, responsive to Members of Congress, to the seeming progress in Korea, to falling prices in many areas, and to the almost universal appeal of the business community, did not slap on full-scale controls the minute they were given the authority.

I ask the Senate to recall this background in connection with the comments a few moments ago of the distinguished senior Senator from Indiana [Mr. CAPEHART].

Mr. President, I may add that the very persons who are most critical now and most bitter in their denunciations were certainly in the forefront last fall of those who were opposing the imposition of controls.

The senior Senator from Ohio [Mr. TAFT], in a colloquy a moment ago with the Senator from Indiana, implied that the act under which Mr. Wilson and his associates are now operating is equally as strong as the legislation of the war years. Of course, the present act is far stronger than, and infinitely preferable to, the bill which we are now debating on the floor of the Senate. But it is far weaker than the legislation on the statute books during the war. This is why Mr. Wilson, Mr. Johnston, and their associates came before the Banking and Currency Committee and asked for many powers which their predecessors had had during the war, but which are wholly lacking in the present act. They came and asked for the power to build defense plants so that they would not be at the mercy of certificates of necessity, and in order that they might at least have more negotiating power in dealing with the large corporations in their program to broaden and develop our productive capacity.

Mr. Nelson and his associates asked the committee for real enforcement power, for a system of licensing such as the OPA had during the last war. How-

ever, they did not ask for the same broad powers to subsidize which were used by the OPA during the war. The OPA used \$4,000,000,000 in subsidies in its successful effort to maintain prices for 32 months during the peak of the last war, when prices increased by only 2½ percent.

Mr. President, many powers, which Mr. Jesse Jones, Chester Bowles, and others had during the last war, are lacking in the present act. The present act is thus in no sense comparable to the authority which the Congress provided the predecessors of the able men who are now trying to do this tough job.

Mr. President, in conclusion, may I comment on the amendment of the distinguished Senator from Colorado. It has been urged upon me by colleagues whose judgment I trust that perhaps I should vote for this amendment because it is less evil, less bad, less undesirable, less vicious than other alternatives which we might enact, or which are even now incorporated in the bill before us.

That is not a new kind of choice for a Senator—or for a statesman. I have frequently referred to one of my favorite quotations from Machiavelli. He pointed out that the choice of the statesman is never between good and evil, but always between the lesser of two evils. However, I feel that the amendment of the distinguished Senator from Colorado so violates the fundamental principles of the business economy in which I have been partially reared that it is impossible for me to support it, or to be on record as having voted for this kind of cost-plus treatment of American business.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. BENTON. I shall be glad to yield if I have the time when I finish my remarks.

Mr. MILLIKIN. I hope the Senator will yield for a question.

Mr. BENTON. I will yield at the conclusion of my remarks if I still have the time.

Mr. MAYBANK. Mr. President, I am very pleased to grant the Senator 5 minutes more if he desires it.

Mr. BENTON. In a minute or two I shall be glad to yield. I may be about to make the point on which the distinguished Senator from Colorado wishes to query me.

Prices in a free economy do not, of course, depend upon costs, except partially.

The PRESIDENT pro tempore. The time of the Senator has expired.

Mr. BENTON. Mr. President, does that include the 5 minutes given me by the Senator from South Carolina?

The PRESIDENT pro tempore. No. Does the Senator from South Carolina yield additional time?

Mr. MAYBANK. Would it be agreeable to the Senator to be granted 2 or 3 minutes additional? Other Senators have asked me for time.

Mr. BENTON. I think 3 minutes will be sufficient.

The PRESIDENT pro tempore. The Senator from Connecticut is recognized for three additional minutes.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. BENTON. If I may finish this paragraph, I shall be glad to yield.

Mr. MILLIKIN. I am afraid the Senator is going to finish without yielding for a question.

Mr. BENTON. I am sure that would be my loss. I hope not.

In a free economy costs are only one factor, and frequently not the determining factor in fixing prices. A businessman's anticipation of what his situation is going to be tomorrow, next week, next month, or 6 months hence, including his guess as to future costs, is often a much more important variable in determining his prices than his past or current costs. All kinds of other variables, including his competition, and what he thinks may happen through the introduction of a new product, even from another department of his own business, may enter into his calculations in determining his prices. The smart businessman may sell products at half their cost of production, or even less, in order to liquidate his inventory, recover his capital, or part of it, go on into a new venture, or the manufacture of a new product.

I think it would be a very unhappy thing for Congress, representing so many constituents from the American business community, to enact into law an amendment such as that proposed by the Senator from Colorado, which runs contrary to the principles of our competitive enterprise system, the system which I choose to believe accounts for the high prosperity level of the American economy.

I am now glad to yield to the Senator from Colorado.

Mr. MILLIKIN. Both today and yesterday the Senator stated that this was a cost-plus amendment. Will the Senator please show me the language which makes it a cost-plus amendment? If it were a cost-plus amendment, I would not be offering it. Can the Senator show us the language? This is the second time the Senator has made that statement.

Mr. BENTON. Mr. President, any amendment which mentions factory costs, other reasonable costs, labor costs, or any costs as a base in any way related to prices, has the inevitable implication of the cost-plus formula applied to the fixing of prices.

Mr. MILLIKIN. I challenge the Senator to demonstrate the "plus" part of his argument.

Mr. BENTON. This amendment opens up a veritable paradise for accountants and lawyers. It would not only build an increasing load of administrative overhead for American business through multiplying lawyers and accountants, but I am sure would speedily develop accounting practices which would leave a plus. The businessman who could not get his plus out of that language ought to fire his lawyers and accountants and get some new ones.

Mr. MILLIKIN. A Price Administrator who would allow the plus when the law does not allow it ought to get himself a criminal lawyer.

Mr. BENTON. Yesterday I conferred with a businessman from New Britain

who makes 40,000 items in his business. With 1,000 employees he manufactures 40,000 items. Who is going to be the smartest on figuring the plus on 40,000 items? Is it going to be the businessman and his lawyer and accountant, or some one man in Washington who is trying to watch the businessman, or even a large group of Government officials who cannot be experts in such a complex business?

Mr. President, I withdraw the amendment which I submitted. It gave me the privilege to the floor.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Colorado [Mr. MILLIKIN], as modified.

Mr. MAYBANK. A parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. MAYBANK. The Senator has withdrawn his amendment. Does that mean that all time has been exhausted?

The PRESIDENT pro tempore. All time for debate has expired.

The question is on agreeing to the amendment offered by the Senator from Colorado [Mr. MILLIKIN], as modified.

The amendment, as modified, was agreed to.

Mr. DIRKSEN. Mr. President, I call up my amendment A, and ask that it be stated.

The PRESIDENT pro tempore. The clerk will state the amendment.

The CHIEF CLERK. At the proper place in the bill it is proposed to insert the following:

SEC. —. Section 402 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new subsection:

"(j) No rule, regulation, order, or amendment thereto shall be issued under this title, which shall deny to a seller of a material at retail or wholesale his customary percentage margin over his cost of the material during the period May 24, 1950, to June 24, 1950, or on such other nearest representative date determined under section 402 (c), except as to any one specific item of a line of material sold by such seller which is in short supply as evidenced by specific Government action to encourage production of the item in question. No such exception shall reduce such customary margin of sellers at retail or wholesale beyond the amount found by the President, in writing, to be generally equitable and proportionate in relation to the general reductions in the customary margins of all other classes of persons concerned in the production and distribution of the excepted item of material.

"Prior to making any finding that a specific item of material shall be so excepted, or as to the amount of the reductions in customary margins to be imposed upon retail and wholesale sellers of such item, the President shall consult with representatives of the affected retail and wholesale sellers concerning the basis for and the amount of the exception which is proposed with respect to any such item.

"For purposes of this section a person is a 'seller of a material at retail or wholesale' to the extent that such person purchases and resells an item of material without substantially altering its form; or to the extent that such person sells to ultimate consumers except (1) to Government and institutional consumers and (2) to consumers who purchase for consumption in the course of trade or business."

Mr. DIRKSEN. Mr. President, we have heard a great deal this afternoon about cost absorption, and other terminology. The amendment I offer is very simple. It is specific. It is designed to give some assurances to a very definite segment of our economy.

Much of the language can be ignored, because the heart of it is contained in one sentence or two. In effect the amendment says: There shall be no regulation or rule made by OPS which denies to a seller at retail or wholesale his customary percentage margin over his cost of material, that margin being what it was from May 24 to June 24, 1950.

It is specific in the sense that it recognizes the month before Korea as the margin that shall be applied. It is specific in the sense that it applies only to retailers and wholesalers. It does not apply to the manufacturing fraternity. It is quite specific in that it applies only to materials which are retailed or sold substantially in the same form in which they come to the wholesaler or retailer.

In other words, it is designed to say mainly to the small-business men of the country that when they buy an item and submit it for resale they will not be confronted with regulations which compel them to absorb all additional costs. I think it is only fair to do so. I believe the action of OPS thus far demonstrates that it is fair.

Let us go back for a moment to the first price freeze. It was an over-all price freeze. It did not take into account that grocery stores, for example, may have had an order for a given number of cases of canned goods to be delivered 30 days later, 60 days later, or 90 days later, on which they would have to pay more.

If a ceiling is put on goods coming into that store which cost more, the margin between the cost and the ceiling price, as established by a Federal agency, grows smaller and smaller. Finally if it gets small enough the small-business man goes out of business.

The amendment I have offered would say to the retailers and wholesalers: "You pay so much for an article of merchandise. That is your cost. You have a historic or traditional or customary mark-up in the business, which goes a way back, and which is a reasonable standard in every line of business, whether it is the grocery trade, dry goods trade, or some other trade. You take whatever the cost is, you add your historic mark-up, no matter what the selling price thereon is going to be, and you retrieve your cost out of the article." I think it is entirely fair. I believe businessmen, particularly retailers and wholesalers, have the right to feel rather alarmed and concerned over some of the strange regulations which have come out of OPS.

Certainly OPS has recognized that some of its rather general regulations will not apply with equity to business today, because it was only 30 days after the general price freeze went into effect that they issued a divisional factor directive, or whatever it was called, in which they made modifications on over

200,000 items. They merely recognized the fact that one could not do business on the basis of that kind of freeze, when goods come to the place of business from time to time at higher cost, on which the margin of profit has been squeezed to the point where a businessman must go out of business.

We must be fair. We must be equitable. Certainly it is not the intent of Congress to put small-business men out of business by squeezing profit margins to the point where they are not equal to their overhead and therefore they cannot remain in business.

One exception is provided, and that is in the case of goods which are manufactured especially for the low-price trade. If the Government wishes to squeeze out the margin on such goods, I am confident the wholesalers and retailers will not be too much concerned, because it is an item, in a whole price line, which they manufacture for a special trade, and therefore they are willing to go ahead with it. However, alarm is being shown about regulations which have been issued.

I submit my amendment in the hope that it will bring assurance to a great economic segment of our country. Frankly, there is nothing new involved. If I may have the ear of my good friend, the chairman of the committee, I wish to say that when the retail fraternity appeared before the committee they submitted this amendment. It was rather substantially belabored. Of all the amendments I saw submitted to the committee in the course of the 5 or 6 weeks of consideration of the bill, this is certainly one that appealed to me, because it seemed to me to be in the interest of equity and justice. Of course, I could suggest that my substitute rent proposal was in the interest of the small landlords of the country. I submitted it in the hope that they, too, would get a fair shake.

My friend from Oregon, who is not on the floor at the moment, waxed very eloquently about equality of sacrifice. I agree; but I saw no great enthusiasm in this Chamber to apply equality of sacrifice to literally millions of small property owners who own not to exceed four tenant units, and who have been progressively squeezed ever since 1942 by the present Rental and Housing Act, to the point they are not accorded justice and equity. I am willing to apply equity and justice to them, and I am also willing to apply every consideration of equity and justice to the small fraternity in the wholesale and retail field, so that by some whimsical or arbitrary or capricious regulation by the OPS, they will not be shunted out of business.

This amendment is nothing more than an attempt to prevent any agency, with special reference to the OPS, from issuing a regulation which will not give them a chance to charge for the increased costs of the goods they sell—in other words, will not give them a chance, so to speak, for their white alley.

The Congress have a great deal of consideration to this amendment when it first tinkered up the Price Control Act in 1942.

Mr. MAYBANK. Mr. President, as I recall, no witnesses have been heard in regard to this amendment.

Mr. DIRKSEN. I beg the pardon of the chairman of the committee, Mr. President; he must remember that when representatives of the American Retail Federation appeared before the committee, these amendments were submitted, and they appear in the committee hearings.

Mr. MAYBANK. That is correct; and, as I recall, 64 amendments were presented by the Senator from Illinois, and I had approximately 70 or more amendments. They were not offered in the committee, although of course it was distinctly understood that they could be offered on the floor.

We tried to cover many of the amendments in the report, and we tried to make a statement of fact in regard to the amendments and our position on them.

In that connection, I read from page 15 of the report:

RETAILERS' MARGINS OF PROFIT

Your committee received testimony on need for the maintenance of the May-June 1950 margins of profit to retailers operating on a percentage discount or mark-up basis. The Defense Production Act in its present form now requires that due consideration be given to margins, among other factors, and your committee expects that such consideration will be given in establishing ceilings. Where the retailer's expenses, in the form of commissions and the like, go up with the cost of the product, consideration must, of course, be given to these increases in costs incidental to the primary increase in costs.

Of course, the Senator from Illinois knows that the higher the price of a product, the larger the commission will be; and that will continue on and on.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. DIRKSEN. I tried to make it plain that in the first place, this amendment applies to a very specific line of business, namely, retailers and wholesalers.

Mr. MAYBANK. I understand.

Mr. DIRKSEN. It does not apply to processors or to manufacturers.

Mr. MAYBANK. I understand.

Mr. DIRKSEN. In the second place, the amendment applies to goods which are sold in substantially the same form as that in which they come to a retail store or a wholesale establishment; and third, the amendment adopts the customary mark-up which was in effect during the months of May and June 1950.

So the amendment does not take advantage of the situation which was provoked by the invasion of Korea. The amendment simply applies to the customary margin to whatever it may cost a merchant to obtain the goods.

Mr. MAYBANK. Of course, Mr. President, as chairman of the committee, I understood the committee to take the position that all those amendments could not be accepted. Therefore I could not accept this amendment. If we accept it, we should also accept an amendment with respect to beauticians, barbers, and we should also accept the other 74 amendments. That is my attitude.

I shall not speak in regard to all the amendments, because the hour is growing late. Fortunately we have acted on almost all of the important amendments, I believe. I can only say that I hope this amendment will be rejected.

Mr. President, the junior Senator from Tennessee [Mr. KEFAUVER] was not in the Chamber, I believe, when the last amendment was adopted, and I understood him to say that he would like me to yield 2 minutes to him. Is that correct?

Mr. KEFAUVER. Mr. President, I was present; but I wished to have some time in which to ask a question of the chairman of the committee, in order to determine whether I correctly understood the legislative intent of one section of the rent-control provision.

Mr. MAYBANK. Very well; I yield 2 minutes to the Senator from Tennessee.

The PRESIDENT pro tempore. The Senator from Tennessee is recognized for 2 minutes.

Mr. KEFAUVER. Mr. President, on two occasions, I believe, the Atomic Energy Commission has raised the rent of the houses it owns and operates in the city of Oak Ridge, Tenn. Many of the residents there have felt that some of the increases were unjustified, and that if the same rules and regulations in regard to rent increases which were applied to Government-owned and Government-rented houses in Oak Ridge were applied to rented houses in controlled sections, the rent increases would not be justified.

In order to have the same principles apply to the rent increases at Oak Ridge, where undoubtedly there is a housing shortage, and where I think everyone agrees that under normal circumstances rent controls would and should apply, and in order to make certain that the rules and regulations applying in that case would be the same as those applying in the case of controlled cities, I introduced a bill which was referred to the Banking and Currency Committee. Thereafter, a report on the bill, in the form of a letter, was sent to the committee, and a copy was received by me, from Mr. Woods, the Administrator, saying that if the present section 5 (a) remained in the bill, including under the definition of "person" a governmental corporation or property owned by the United States Government, the purposes of the bill I introduced would be met, and the passage of my bill would be unnecessary.

That section has remained in the bill; it was not stricken out by the Dirksen amendment.

Also, as I understand, it is referred to on page 26 of the report.

Mr. MAYBANK. Yes; in that connection I refer to page 14 of the bill and page 26 of the report.

Mr. KEFAUVER. Yes. On page 26 of the report, under the heading "Government housing," it seems to be made clear that the rules and principles applying to rent increases at Oak Ridge would be the same as those applying to any rent-controlled city.

Mr. MAYBANK. The Senator is correct.

Mr. KEFAUVER. Do I correctly understand that that is the intention of the committee, and is the meaning of this language?

Mr. MAYBANK. Mr. President, the formula we prescribed was intended to apply, as the Senator has stated, to Government agencies and others; and, as the Senator said, on page 14, beginning in line 5, we have the following provision:

The word "person" includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successors or representative of the foregoing, and includes the United States or any agency thereof.

The Atomic Energy Commission would be included as such a Government agency, of course.

Let me say that I remember the Senator's amendment to the bill, and I remember when we discussed it. We thought it was unnecessary because we thought that language of the bill would cover the point. I hope the Senator from Tennessee feels the same way I do about this matter.

Mr. KEFAUVER. Mr. President, I thank the chairman of the committee. In view of his statement, I shall not offer my bill as an amendment to this bill.

Mr. MAYBANK. I appreciate that, because we already have sufficient amendments.

Mr. President, I do not know what the Senator from Illinois desires to do at this point in connection with his amendment.

Mr. DIRKSEN. Mr. President, I ask for a vote on the amendment, and at this time I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Green	McMahon
Anderson	Hendrickson	Millikin
Bennett	Hennings	Monroney
Benton	Hickenlooper	Moody
Brewster	Hill	Morse
Bricker	Hoey	Mundt
Bridges	Holland	Neely
Butler, Md.	Humphrey	Nixon
Butler, Nebr.	Ives	O'Connor
Byrd	Jenner	O'Mahoney
Cain	Johnson, Colo.	Pastore
Capehart	Johnson, Tex.	Saltonstall
Carlson	Kefauver	Schoeppel
Case	Kem	Smith, Maine
Clements	Kerr	Smith, N. J.
Connally	Kilgore	Smith, N. C.
Cordon	Knowland	Sparkman
Dirksen	Langer	Stennis
Douglas	Lehman	Taft
Duff	Long	Thye
Dworshak	Magnuson	Tobey
Eastland	Malone	Underwood
Ellender	Maybank	Watkins
Ferguson	McCarran	Welker
Frear	McCarthy	Wherry
Fulbright	McClellan	Wiley
George	McFarland	Williams
Gillette	McKellar	Young

The PRESIDENT pro tempore. A quorum is present. The question is on the amendment of the Senator from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. MAYBANK. Mr. President, how much time do I have remaining?

The PRESIDENT pro tempore. The Senator has 7 minutes.

Mr. MAYBANK. Mr. President, I want to be perfectly fair and frank about this amendment, as in the case of other amendments. In my judgment, we cannot legislate properly by adopting amendments of this type on the floor of the Senate. The Committee on Banking and Currency labored long and hard for 7 weeks, after which it submitted a report, in which it covered substantially the subject to which this amendment applies. If we were to attempt to assure every retail merchant that he would get a profit of 10, 20, 50, or 100 percent, merely because he formerly made that much profit, long ago, when there was no war emergency, we should be legislating against the best interests of the people of the country. It would not be wise to adopt all these amendments. The Senator from Indiana, alone, I think, received requests that he offer 64 amendments. Over 70 were given to me by different persons, with the request that they be incorporated in the bill before it was brought to the Senate. We brought the principal issues to the Senate—the issue of rent control, the issue of the roll-back of prices, and so forth—but if we are to attempt to legislate for the retail trade, we shall find it necessary also to legislate for the wholesale trade, and we shall then find it necessary to legislate for the farmers, physicians, musicians, and everyone else. No one appeared before the committee who did not ask for some sort of special legislation. I do not believe I would be in error in saying that there were approximately 70 amendments that we could have proposed and I invite the attention of the Senator from Indiana to the statement. Is that not correct?

Mr. CAPEHART. That is correct.

Mr. MAYBANK. If we are to start such a program, we might as well prepare to be in session on this bill for another week. Frankly, so far as I am concerned, I am going to vote against any amendment which may be proposed to the bill on the Senate floor, because, to my way of thinking, the issues involved have been settled, at least the great issues have been settled. If we are going to legislate by way of amendments offered from the floor of the Senate, we can expect to be here on this bill for a long time.

I can appreciate the position of the distinguished Senator from Illinois, who called up an amendment. I can also appreciate what was said to the committee by the retailers. But there are plenty of other people who are interested in various phases of the bill. Every association in America which was represented before the committee desired some kind of legislation. I hope that Senators who may vote for the pending amendment will be fair to themselves by voting for all the other amendments which have been requested. Many of the amendments which have been requested are included in three large volumes, which are now on my desk.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. MAYBANK. I shall yield in a moment. Thirty amendments have been offered now, and there are references in this book to 70 more. There are big issues involved in the determination of roll-backs, issues which affect agriculture, labor, and various other segments of American industry. We might, of course, let the conferees write an appropriate roll-back formula. That would be one thing. If amendments are proposed on all these other subjects, I intend to vote against them. I hope that amendments of the kind I have been discussing will not be offered. I now yield to the Senator from North Dakota.

Mr. LANGER. I should like to ask the Senator how he voted recently, when his distinguished colleague the Senator from South Carolina [Mr. JOHNSTON] protested against a reduction of annual leave for Federal employees.

Mr. MAYBANK. I am happy to answer my distinguished friend from North Dakota by saying I was one of those who joined the Senator from South Carolina in his effort to defeat the attempt to change the law upon the Senate floor. The Senator from Georgia at that time made a most excellent speech.

Two days later the House of Representatives sent a bill to the Senate, and there was nothing left for me as chairman of the Subcommittee on Independent Offices Appropriations to do except to accept the House language or to change the language of the Senate committee bill. So I voted to change the language of the Senate bill, in the hope that the Senator from Rhode Island would bring to the Senate a proper bill. I told the Senator from Rhode Island that I hoped the District Committee and the Committee on Post Office and Civil Service would report a bill. Since that time I have talked to the chairman of the House committee. He knows the strain under which we are working, and we have agreed not to have a conference until after the Fourth of July. I hope that by that time the committee will function. The Senator from North Dakota knows exactly how I voted.

Mr. LANGER. I compliment the Senator from South Carolina on his inconsistency.

Mr. MAYBANK. What inconsistency? I supported the amendment brought up in connection with the Labor-Federal Security bill—

Mr. LANGER. I think the time has expired.

Mr. MAYBANK. I have not expired.

Mr. DIRKSEN. Mr. President, how much time do I have remaining?

The PRESIDENT pro tempore. The Senator from Illinois has 8 minutes.

Mr. DIRKSEN. Mr. President, now that the chairman of the Committee on Banking and Currency has stated that he is going to oppose any and all amendments, I think it is only fair to clarify my own position, without revealing any of the secrets of the committee. Testimony was taken amounting to approximately 2,000 pages. Shortly after the hearings were over, the committee had a session in which we considered the bill title by title. We went through the bill in race-horse fashion. I do not quarrel

about that, but I do not believe we can lightly dismiss an amendment which affects the vitality of the whole retail and wholesale structure of the United States.

There is a widespread interest in the pending amendment. Retailers and wholesalers have a right to be concerned when there is issued a general freeze covering everything in the American economy, only to discover that it does not take account of higher-cost goods, and there is danger of squeezing many merchants out of business.

The pending amendment is a little unlike some of those which have been submitted on the floor this afternoon. It applies only to wholesale and retail establishments. It assures them of the mark-up which was in effect prior to Korea. It does not apply to processors or to manufacturers or to goods in connection with which there has been a substantial alteration in form. There is no desire to cover a host of commodities, where we have to ascribe one cost to another. It deals with canned corn, peas, and tomatoes, and thousands of establishments in America will have a chance to retrieve their mark-up as against the costs. What is wrong with that? Is it not typically American? If it does not represent the vitality and the "guts" of the American system, I do not know what does. We might eliminate the euphemistic language in which we talk about free enterprise in America, and throw it into the ash can.

So, Mr. President, I commend this amendment to the Senate because I think it has found favor everywhere. It has been presented to the committee; it is printed in the hearings; we gave it good attention in 1942, and it was incorporated in the act when the first Price Control Act was placed upon the statute books. I think it is deserving of something more than casual consideration, when a Senator says he is against all amendments, irrespective of what the merits of an amendment may be.

Mr. MAYBANK. Mr. President—

Mr. DIRKSEN. Mr. President, I did not mean to do my friend an injustice. If I did, I apologize.

Mr. MAYBANK. The Senator from Illinois stated that I said I was against all amendments. I stated, as chairman of the committee, that since we discussed all these various amendments, I thought we had better not take them up. I think the Senator from Indiana had approximately 60.

Mr. DIRKSEN. Did not the Senator from South Carolina say that he was going to vote against all amendments?

Mr. MAYBANK. I said I was going to vote against amendments which the committee itself did not consider. It did not consider any of these amendments. It agreed not to consider them. Any member of the committee could have insisted, and we could have taken up all the amendments the Senator from Indiana had and the amendments which I had, and we could have remained in session 2 or 3 days longer, but we felt that for the good of the country we should not consider them.

Mr. DIRKSEN. Mr. President, I would not do my friend an injustice.

Mr. MAYBANK. I knew the Senator did not intend to do so.

Mr. DIRKSEN. I have brought only three amendments to the floor. Two have been offered, and one I shall probably offer later in connection with a motion to recommit.

Mr. MAYBANK. The Senator from Illinois made it plain in the committee that he was going to offer amendments from the floor.

Mr. DIRKSEN. That is correct.

Mr. MAYBANK. He did not tell me he was going to offer this one.

Mr. DIRKSEN. It was printed, and it has been here for days.

Mr. MAYBANK. I understand.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. WHERRY. I should like to ask the distinguished Senator from Illinois if his amendment is not the old cost-absorption amendment which was written into the act in 1942.

Mr. DIRKSEN. That is correct.

Mr. WHERRY. Small business representatives asked that this language be written into the bill so they would not have to absorb under a mandatory provision the difference which was passed on to them by regulation, which would drive them right out of business.

Mr. President, I desire to associate myself with the distinguished Senator from Illinois and say that this cost-of-absorption amendment certainly was written at the request of representatives of small business, who asked for relief, and it should be in the bill. We should not make the retailer and consumer absorb the extra cost under such a regulation.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. MAYBANK. My information was that the small-business group was satisfied with their margin of profit.

Mr. WHERRY. The amendment should be in the bill in order to protect small businesses throughout the country.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. MUNDT. Was there anything brought out in the hearings as to the experience under the last OPA act which indicated that they were entitled to relief?

Mr. DIRKSEN. They had so many distressing experiences that this is the only kind of relief they could have.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. LANGER. I should like to bring to the attention of the Senate corroboration of my statement as to inconsistency on the part of my friend the Senator from South Carolina. It is to be found at page 6882 of the CONGRESSIONAL RECORD, in connection with the vote on the Douglas amendment as modified. The yeas were 52 and the nays were 26. Among the names of the Senators voting in the affirmative, there appears the name of my distinguished friend from South Carolina.

Mr. MAYBANK. What was inconsistent about it?

Mr. LANGER. Doing the very thing he has objected to.

Mr. DIRKSEN. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDENT pro tempore. The question is on agreeing to amendment A offered by the Senator from Illinois [Mr. DIRKSEN]. On this question the yeas and nays have been demanded. Is the demand sufficiently seconded?

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Arizona [Mr. HAYDEN], the Senator from Wyoming [Mr. HUNT], the Senator from Virginia [Mr. ROBERTSON], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

The Senator from South Carolina [Mr. JOHNSTON] is absent on official business.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on official business, having been appointed a representative of our Government to attend the International Labor Conference being held in Geneva, Switzerland.

The Senator from Florida [Mr. SMATHERS] is absent because of illness.

Mr. SALTONSTALL. I announce that the Senator from Montana [Mr. ECTON], the Senator from Vermont [Mr. FLANDERS], and the Senator from Massachusetts [Mr. LODGE] are absent on official business. If present and voting, the Senator from Massachusetts [Mr. LODGE] would vote "nay."

The Senator from Pennsylvania [Mr. MARTIN] is absent because of illness.

The result was announced—yeas 33, nays 51, as follows:

YEAS—33

Bennett	Hickenlooper	McCarthy
Bricker	Hoey	Mundt
Bridges	Holland	Nixon
Butler, Md.	Ives	Schoeppel
Butler, Nebr.	Jenner	Smith, N. C.
Byrd	Kem	Watkins
Cain	Knowland	Welker
Carlson	Langer	Wherry
Case	Long	Wiley
Dirksen	Malone	Williams
Hendrickson	McCarran	Young

NAYS—51

Aiken	Gillette	Millikin
Anderson	Green	Monroney
Benton	Hennings	Moody
Brewster	Hill	Morse
Capehart	Humphrey	Neely
Clements	Johnson, Colo.	O'Connor
Connally	Johnson, Tex.	O'Mahoney
Cordon	Kefauver	Pastore
Douglas	Kerr	Saltonstall
Duff	Kilgore	Smith, Maine
Dworschak	Lehman	Smith, N. J.
Eastland	Magnuson	Sparkman
Ellender	Maybank	Tennis
Ferguson	McClellan	Taft
Frear	McFarland	Thye
Fulbright	McKellar	Tobey
George	McMahon	Underwood

NOT VOTING—12

Chavez	Hunt	Murray
Ecton	Johnston, S. C.	Robertson
Flanders	Lodge	Russell
Hayden	Martin	Smathers

So Mr. DIRKSEN's amendment lettered "A" was rejected.

Mr. FULBRIGHT obtained the floor.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Snader, its assistant reading clerk, announced that the House had insisted upon its amendment to the bill (S. 984) to amend the Agricultural Act of 1949, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. COOLEY, Mr. POAGE, Mr. GRANT, Mr. HOPE, and Mr. AUGUST H. ANDRESEN were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 4200) to make certain revisions in titles I through IV of the Officer Personnel Act of 1947, as amended, and for other purposes.

The message further announced that the House had passed a joint resolution (H. J. Res. 277) making temporary appropriations for the fiscal year 1952, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H. R. 4200) to make certain revisions in titles I through IV of the Officer Personnel Act of 1947 as amended, and for other purposes, and it was signed by the President pro tempore.

TEMPORARY APPROPRIATIONS FOR THE FISCAL YEAR 1952

The PRESIDENT pro tempore. Will the Senator from Arkansas yield in order that the Chair may make a unanimous-consent request?

Mr. FULBRIGHT. I yield for that purpose.

The PRESIDENT pro tempore. The understanding of the Chair is that the House has passed a joint resolution, House Joint Resolution 277, providing for a continuance of the present appropriations for 30 days.

Mr. MAYBANK. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. It is very necessary that the joint resolution should reach the President before July 1. For that reason the Chair asks unanimous consent that it be considered and passed at this time.

Mr. MAYBANK. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. MAYBANK. As I understand, the House has passed a joint resolution with respect to appropriations?

The PRESIDENT pro tempore. The House has passed a joint resolution making temporary appropriations for 30 days.

Mr. WHERRY. Mr. President, I wish to save all the time possible. No one in the world would rather accommodate the distinguished chairman of the Committee on Appropriations than the Senator from Nebraska; and the Senator from Tennessee knows it. I believe that this joint resolution ought to go to the Appropriations Committee. Let the com-

mittee take a look at it and report it tomorrow.

The PRESIDENT pro tempore. The Chair withdraws the request.

Mr. WHERRY. I hope so.

Mr. MAYBANK. Mr. President, if I may make a remark on that subject, I am glad that the distinguished chairman has agreed to that suggestion. I happen to be a member of that committee. I am hopeful that tonight the Senate will pass a bill, and that perhaps we can write some language into the bill in connection with control laws. The House may vote on the control law tomorrow; but the Senate does not know how the House is going to vote on the control law. If the Senate finishes the consideration of the pending bill tonight, the Senate can perhaps suggest to the House that it pay some attention to what the Senate is doing in connection with controls.

The PRESIDENT pro tempore. The Chair has withdrawn the unanimous-consent request. The joint resolution will be referred to the Committee on Appropriations.

The joint resolution (H. J. Res. 277) making temporary appropriations for the fiscal year 1952, and for other purposes, was read twice by its title, and referred to the Committee on Appropriations.

EXTENSION OF DEFENSE PRODUCTION, AND HOUSING AND RENT ACTS

The Senate resumed the consideration of the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

Mr. FULBRIGHT. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDENT pro tempore. The amendment offered by the Senator from Arkansas will be stated.

The LEGISLATIVE CLERK. On page 3, between lines 4 and 5, it is proposed to insert the following:

SUSPENSION OF CEILING PRICES

SEC. 5. Section 402 (d) of the Defense Production Act of 1950 is amended by adding at the end thereof the following:

"(j) If ceiling prices applicable to producers, manufacturers or processors, or their raw material suppliers, have been or are hereafter established for any material or service they shall be suspended whenever the average price of such material or service for a period of the preceding 60 days is 2 percent or more below the ceiling price so established for such material or service and shall not be reestablished or maintained unless or until the average price equals or exceeds for a period of the preceding 60 days the ceiling price previously established, and if and when such ceiling price is so reestablished it shall be (except in those cases where a uniform industry-wide ceiling price is established in lieu of individual ceiling prices) at not less than the ceiling price previously established."

Mr. FULBRIGHT. Mr. President, if I may have the attention of the Senate, I should like to try to explain this amendment. I believe that it is consistent with an effort which was made last summer to give some incentive to industry itself to control its own prices. I wish to go into it in greater detail, but

the objective is to reward those industries and suppliers who exercised discipline over their own prices and held them 2 percent below the existing ceiling. I think that such an incentive is well worth while. A great many persons and a great many industries will be glad to try to accomplish that purpose in order to get out from under the burden of complying with the price-control law.

The amendment provides that producers, manufacturers or processors, or persons who supply them with raw materials, shall be relieved of the burdens of price controls under these circumstances: Whenever the average price of a material or service for a period of 60 days falls 2 percent below the established ceiling price, that ceiling price shall not then be reestablished or maintained for that material or service, unless or until the average for the preceding 60 days equals or exceeds the ceiling price.

This is important. I think there is some misunderstanding among some of my colleagues on this particular point, and I emphasize it, "unless or until the average for the preceding 60 days equals or exceeds the ceiling price."

That means the immediately preceding 60 days. It does not mean any specific 60-day period. It is not broken up into one period of 60 days, and then another. It means 60 days immediately preceding, which means that each time a new day comes on the last day falls off, so that it is constantly current.

This does not mean that the producer, having held his prices slightly below the ceiling, and then being free of controls, would be at liberty to gouge or profiteer. Any increases he made would subject him to controls again, if they were sufficient to compensate for his decreases, raising his average for the preceding 60 days to the level of the price ceiling.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. TAFT. I approve the general principle of the Senator's amendment, but it seems to me that to say that when the price gets back to a fixed point, it must stay there for 60 days before anything can be done about it, is not reasonable.

Mr. FULBRIGHT. It does not say that. That is exactly the point I am trying to emphasize.

Mr. TAFT. The language is "unless or until the average price equals or exceeds for a period of the preceding 60 days the ceiling price previously established." It seems to me that when it gets back to the ceiling price, they ought to have the right to put the price back on again. I cannot see the reason for the 60-day period.

Mr. FULBRIGHT. As I understand, that is the very point on which there is a difference of interpretation of this language. It is my feeling that if the price just barely reaches the preexisting ceiling price for 1 day, that is not sufficient reason to reimpose it.

The average ceiling price should be for an appreciable period. For example, someone has said that a man could put up the price 100 percent for 1 day and

keep it there for 60 days. I do not so interpret the provisions.

Mr. TAFT. Why not? Why could he not charge anything he wished to charge for 60 days?

Mr. FULBRIGHT. Because I think that if the price goes that high above the preexisting price, it would bring his average up very quickly. That 1 day's 100 percent, in the amount that it would affect the price, would bring up the average of the preceding 60 days. That 1 day is counted in as the sixtieth day, along with the next preceding 59 days.

I have an illustration which I should like to give the Senator from Ohio a little later in my remarks, and I believe he will agree that the effect of the amendment is not to have an article jumping in and out of the ceiling prices. It would give the Administrator the power to reimpose the ceilings if there were a substantial increase which brought the price above the ceiling price.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. HICKENLOOPER. I am at a loss to understand why the Senator feels the amendment is needed. If ceiling prices were imposed there would be nothing to prohibit the producer or manufacturer from selling below the ceiling, and he would not be violating any law. If he wanted to go back to the ceiling price, the ceiling would be put on. I do not see the purpose of the amendment.

Mr. FULBRIGHT. The purpose of the amendment is to assist a great many businessmen whose price would be below the ceiling price and who would still have to comply with all the regulations and fill out all the forms and go through all the motions of price control. They feel they are very badly dealt with, because they are selling their goods below the ceiling prices, yet they still have all the burdens of reporting, and so on. The Senator does not feel it is worth while, but I can assure him that a great many of my constituents think it is. They would be delighted to get out from under supervision and the necessity of filing reports. That is one of the things that irritates most people.

Mr. HICKENLOOPER. I could see the point if it would give them genuine relief.

Mr. FULBRIGHT. Let me use an illustration. Let us take for example the poultry industry. Prices are below parity. The poultry industry is carried on all over the country. There are perhaps 5,000,000 farmers who raise chickens. They do not like the idea of filling out forms and hiring clerks, and all that. No ceiling can be put on poultry below parity, but a ceiling can be put on and they can be subjected to all the trouble of supervision. I felt in OPA days that one of the most objectionable parts of the whole procedure was the filling out of forms and being subjected to supervision, and checks, and all that sort of thing. That was as objectionable, in most cases, as the necessity for keeping the price down. I am certain that many of my constituents would be pleased if they did not have to do all that work.

Mr. HICKENLOOPER. I believe the objective of the Senator's amendment is a worthy one. However, it seems to me we would be suffering under a delusion if we were to think that it would relieve anyone from filing reports. I believe it would be necessary to file reports anyway to make sure that people are not violating the law even though they are selling below ceiling prices.

Mr. FULBRIGHT. I believe it would probably be necessary to make a report in the beginning, to show that they do not come under the regulations. From then on the burden would be on the other side to show that reports were necessary. It is true that it would be necessary to make one report.

Mr. CASE. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. CASE. In view of what the distinguished Senator from Arkansas has said about the difficulty or the burden of filing reports, I trust that when the Senator from South Dakota has an opportunity to offer his amendment he may have the support of the Senator from Arkansas. I propose to exempt retail establishments which do a gross business of less than \$50,000 a year. Obviously the burden of making reports and keeping track of all the records is very burdensome for the small business establishments. If we wish to give some relief to them it seems to me that we have an opportunity of doing so by exempting businesses which do a gross business of less than \$50,000 a year.

Mr. FULBRIGHT. I will agree with the Senator from South Dakota that the burden is all out of proportion to its importance. I have not seen the Senator's amendment, but I believe in this case I can show, if prices are below the ceiling, which ceiling must be assumed to be fair, why they need not file reports.

I said I would reply to the question of the Senator from Ohio by giving an illustration. I do not see him on the floor, but I should like to use it in any event.

As I interpret the amendment it would work like this: Suppose the price ceiling on a certain refrigerator is \$250. If the manufacturer of refrigerators can hold his average price for a period of 60 days to 2 percent below the ceiling, or \$245, the ceiling would be suspended. After the ceiling had been suspended it could be reimposed if the price of the refrigerator went up to a level which averaged or exceeded the \$250 ceiling in the preceding 60-day period.

There again I wish to emphasize that I do not think that that would have to continue throughout the entire 60 days. If it goes up substantially within any 2 or 3 days, it will raise the preceding 60-day average above the ceiling.

If a seller tried to take advantage of the suspension by raising his prices appreciably he would immediately be placed back under the ceiling. The producer would be inclined to do everything possible to keep his prices down in order to continue to avoid price controls. Poultry, eggs, and some dairy products are below parity, and, therefore, ceilings are not imposed upon them. These

are seasonal commodities on which prices—to the producer, especially—fluctuate.

If in the fluctuation the price reached parity for, say, 1 month, a ceiling could be imposed, although for the rest of the year the price was below the ceiling. However, such products are subject to price controls, nevertheless, with all the regulations, record keeping, reports, and uncertainties. Under this proposal, however, ceilings, once imposed, would be suspended when prices averaged 2 percent lower for a period of 60 days, and could not be reimposed until the preceding 60-day average price equaled or exceeded the authorized ceiling. In other words, the producers of these commodities would be relieved of their concern over the possibility of continuing controls, merely because their produce might, for a brief period, reach parity. For they would also be assured that such controls could not be continued after their product again declined in price.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. FULBRIGHT. Yes.

Mr. LANGER. On page 2, what is the meaning of the words "unless or"?

Mr. FULBRIGHT. It says: "Unless or until."

Mr. LANGER. What is the need of the words "unless or"?

Mr. FULBRIGHT. Perhaps one of them is not needed. It says "unless or until the average price equals or exceeds."

Mr. LANGER. Either "unless" or "until" would be surplusage, would it not?

Mr. FULBRIGHT. If the Senator is criticizing the use of the language on page 2, I believe it could be interpreted to mean "until."

Mr. LANGER. I wonder what the purpose is of using the two words?

Mr. FULBRIGHT. Perhaps they were used to assure clarity, or perhaps out of an abundance of caution. I do not see that the elimination of either word would change the meaning.

The PRESIDENT pro tempore. Does the Senator modify his amendment?

Mr. FULBRIGHT. I do not believe it is important enough to modify it. If the Senator from North Dakota believes it makes a substantial difference I shall not object.

The amendment also provides that ceiling prices, when established, should be at a level not less than that previously existing—in other words, existing at the time of decontrol. This is not designed to prevent roll-backs. That question has already been settled directly by a vote on that issue. Therefore, to the extent that roll-backs are permitted under this law as it is finally passed, they would be permitted under this amendment. However, the OPS would first be required to reestablish the previously existing ceiling prices—and, I would hope, when the present period of readjustment of the entire price structure is over, the OPS would be extremely reluctant to establish lower ceiling prices.

Certainly, the fact that producers have absorbed costs and increased their efficiency and production, thereby reducing their prices, in order to escape

price controls, should not be used by the OPS as a reason for reestablishing lower ceiling prices.

I cite again, as an example of what I have in mind, the poultry industry, where at the present time prices are lower than they were two years ago; the present prices are below parity, also. It seems to me that it is only justice to reward those producers by not requiring them to be bothered with all the perplexities of control. So long as we are obtaining that commodity at a cheap price, particularly in view of what is happening in the meat industry, I think we should show some consideration for the producers of such products as poultry.

The amendment provides authority for imposing lower ceiling prices than those in effect at the time of decontrol, where the OPS is transforming its individual-pricing controls into industry-wide ceiling prices, as I understand it intends to do as soon as possible. In other words, the restriction against the immediate reestablishment of lower ceilings would not apply where such lower ceilings are the result of the establishment of uniform industry-wide ceiling prices.

The purpose of the amendment, very briefly, is to afford producers and manufacturers an incentive to increase their production and efficiency and reduce their costs to the extent that their prices may fall below the ceilings established by the OPS. The incentive provided is that if producers are able to maintain their prices below the ceilings established, they would then be freed of the onerous burdens imposed by price control.

The PRESIDENT pro tempore. The time of the Senator from Arkansas has expired.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the remainder of a statement which I have prepared on this amendment may be printed at this point in the Record.

Mr. MAYBANK. Mr. President, I believe that the time allotted to the opposition is in my control in the case of this amendment. In view of the fact that I have stated, as chairman of the committee, that the committee had before it many amendments, but did not act upon them, believing that the bill as reported by the committee was, so far as the committee was concerned, a proper bill, I shall abide by that decision.

Therefore, I am glad to yield to the Senator from Arkansas, from the time available to me, any further time he may wish to use in presenting his side of the case, because I have no intention of making any further statement either for or against the amendment.

Mr. FULBRIGHT. I appreciate that. In view of that fact, I shall not submit the remainder of my statement for printing in the Record, Mr. President, but shall proceed to explain the amendment further.

A moment ago the Senator from Ohio asked a question. I wonder whether he will consider further the example I used as an illustration of the way I think the

amendment would apply in a concrete case.

I think the difficulty in this connection is caused by the interpretation of the words "the preceding 60 days." Another Senator brought up that point. I think the meaning of those words might be illustrated as follows, in a precise case: Suppose the price ceiling on a certain refrigerator is \$250. If the manufacturer of refrigerators could hold the average price for a period of 60 days to 2 percent below \$250, or \$245, the ceiling would be suspended.

If the manufacturer tried to gouge the public by raising the price 100 percent in 1 day, let us say—as some have argued might occur—the increase of 100 percent, or \$250 above the ceiling, would be averaged with the price which for the preceding 59 days had been 2 percent below the price ceiling. In other words, if the manufacturer doubled the price for 1 day, that increase would offset the 2-percent decrease for the preceding 59 days—not exactly, but almost so. Immediately the excessively high price for the sixtieth day would be averaged with the lower price for the preceding 59 days. That is what I mean by the phrase "the preceding 60 days."

That language does not mean that there would have to be a delay of 60 days before the ceiling could be reimposed. In the case I have cited, if the manufacturer were so greedy as to try to raise the price 100 percent in one day, the Administrator would then have the right to reimpose the ceiling on the following day.

Of course, Mr. President, all sorts of strange and unlikely examples could be mentioned.

However, this amendment if adopted, will give any one who wishes to be free of control an opportunity voluntarily to hold the prices of the articles he sells 2 percent below the ceiling prices, and thus avoid all the bother of supervision, regulation, and control.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. TAFT. I am interested in the effect of the amendment on major commodities, such as cotton. Suppose the price of cotton remained 2 percent under the ceiling price for 60 days. Then controls would automatically be removed from cotton. However, in the following 10 days the price could rise to 30 percent over the ceiling price, before the average would reach the point mentioned in the amendment; and during that period of time everyone who had cotton to sell would be able to sell it and dispose of it at the higher price. Under such circumstances, a cotton broker would not have to remain in business thereafter, because on the basis of the profits he would make during that period, he could retire, and could go to Cuba or somewhere else.

Mr. FULBRIGHT. Of course, if anyone were foolish enough to attempt to raise to such an extent the price of the commodity he had to sell, he would not find many takers.

Mr. TAFT. I am speaking of the effect of the amendment on commodity

prices on the national market; I am not referring to a manufactured product.

Mr. FULBRIGHT. Does the Senator refer to a case in which one man would do that?

Mr. TAFT. No, not one man, but everyone who was engaged in that business. In such a situation, for a while the price would be below the ceiling price by at least 2 percent, and the result would be that the ceiling would automatically be removed.

Mr. FULBRIGHT. Yes.

Mr. TAFT. Then those who had that commodity for sale might force up the price as much as 10 percent above the ceiling price, let us say; and at that price they would get rid of all of the commodity which they held.

Mr. FULBRIGHT. Does the Senator from Ohio believe that, as a realistic matter, market conditions would be such that anyone who owned cotton under those circumstances would be able to sell it at the temporarily higher price, in view of the fact that after a limited time—perhaps 10 days—the ceilings would be reimposed?

Mr. TAFT. Certainly; if it could be sold to manufacturers or to foreign buyers during that period of time, it would be sold and gone; and those who sold it would not care what happened to the price after that time.

Mr. FULBRIGHT. I grant that such extreme cases can be imagined, but I do not believe they would possibly occur.

I think the sellers are anxious to have a market for the goods they hold, and I believe they are anxious to have a market which will function free of control. It seems to me that they would be so anxious to be free from control that they would voluntarily maintain the price of their commodity at at least 2 percent below the ceiling price.

As a matter of fact, the Senator from Ohio knows that that commodity is now selling at below the existing ceiling price. I do not know how long the price will remain at that level; that will depend on the growing season and the amount of production.

As an example, I have referred to the poultry industry, which last year was a \$350,000,000 industry.

At the present time, prices in the poultry industry are below the parity prices. It seems to me that we should recognize and reward those who are so efficient in their operations, although continuing to be able to make money. They have achieved that position primarily by increasing the rate of conversion of feed into meat and by the control of disease.

It seems to me perfectly proper to reward such a development, by saying to them, "When you produce your commodity cheaply enough to be able to sell it to the public at a reasonable price, below the parity price or below the ceiling price, for an appreciable period of time, you will not have to abide by all these regulations."

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. HOLLAND. The Senator has referred to poultry and the seasonal market for it, and his reference in that connection brought to my mind the use of turkeys at Thanksgiving time. If the ceiling price were applied to turkeys—although it would not apply to them unless they were selling above the parity price—and if for a period of 60 days the dealers kept the price of turkeys 2 percent below the ceiling price, with the result that the ceiling price was no longer applied, and if that situation developed just before Thanksgiving, would not it afford an unusual opportunity for a large increase in the price at the very time when practically everyone wishes to buy a turkey?

Mr. FULBRIGHT. Mr. President, I admit that all sorts of situations can be imagined. However, turkeys are highly competitive with chickens and with other poultry and meat. No one has to buy any of these commodities. I think it is entirely unrealistic to suggest that, all of a sudden, someone would raise the price 100 percent and that many persons would be ready to pay that price, in view of the fact that they would know that within a very short period of time the price would have to come down, due to the operation of the law itself.

I think that, theoretically, if we assume a market that is insatiable, or that there are persons who will buy at any price, that could happen; but the fact is that poultry, including turkeys and chickens, is one of the cheapest commodities on the market. The price is lower now than it was in 1948. It is below parity. It is the type of industry which I think we ought to try to stimulate by giving some incentive or award because of the way they have policed or disciplined themselves, and the way they have increased the efficiency of their production.

Mr. HOLLAND. Does not the Senator understand that the bill, if enacted into law, would require that no agricultural product be subjected to a ceiling price unless it exceeded parity?

Mr. FULBRIGHT. I agree with that. The law says that a ceiling cannot be imposed below parity.

Mr. HOLLAND. They are not subject to a ceiling, then. Is that correct?

Mr. FULBRIGHT. All that is provided in the law, as I understand, is that a ceiling may not be below parity. There is nothing to prevent the Administrator from making an appropriate ceiling on poultry, at parity, and requiring all poultry dealers to make reports, as other producers do. That is what they do not want to do. I grant that it would not affect the price at all. I say that one of the greatest objectives of the amendment is to avoid the nuisance of having to make out all the forms and comply with all the red tape, regardless of what effect it may have upon prices.

Why would the Administrator object to affording an incentive to people who are intelligent enough and self-disciplined enough and unselfish enough to sell their products below parity, or to sell them below ceiling prices? I do not believe the proposal would weaken the control law at all, because it would

take effect only when someone's price is below the ceiling. What I understand we are concerned with, and the whole theory of price control, is to keep from going above the ceiling. Now, if someone goes below the ceiling, why in the world should anyone object to that?

Mr. HILL. If the price goes down, and the ceiling on prices is taken off, and then the price goes back up, how long a time intervenes before the ceiling price becomes effective again?

Mr. FULBRIGHT. It all depends. In the first place the amendment is permissive. It gives the Administrator leeway to do something. If the Senator is speaking about the earliest time when the Administrator could act, it would be dependent upon the average for the preceding 60 days. He would not have to wait 60 days. Suppose the price goes up the next day; the Administrator does not have to wait, but he can place the ceiling in effect the next day. This is not designed to weaken the control in any sense. The one assumption which it is necessary to make, in order to justify this proposal, is that the ceiling price is a reasonable price. If it is, than the only people who are interested are the ones who will take 2 percent less.

Mr. HILL. In other words, the amendment would stimulate industry to stay under a reasonable price, would it not?

Mr. FULBRIGHT. It would encourage self-control. I think when we can induce citizens themselves to exercise self-control, it is far better than trying to control them by force through any law. What could be better for the country than for everyone concerned to say, "I do not want to be bothered by the Administrator; I am going to keep my prices 2 percent under what the Administrator has said is a fair price?" What could be a better solution to this whole problem?

Mr. HILL. In other words, we would then be getting the desired results, which the legislation is designed to bring about, through full and complete voluntary action, would we not?

Mr. FULBRIGHT. By voluntary action. What is better in a republic than to have voluntary action for the achievement of any goal which we all agree is a proper and beneficial one? That is all that I understand the amendment would do.

Mr. HILL. I thank the Senator.

Mr. FULBRIGHT. The only reason I can imagine why the Administrator would object to it is that everyone would abide by it, and there would be nothing for the Administrator to do. He would have a complete sinecure, and we could not get rid of him. He would still have his job. He would have to stay in office merely because somebody might put his prices up again. He should not worry about that; but so far as his doing anything is concerned, he would not have anything to do if everybody would abide by this amendment.

Mr. LANGER. Mr. President, has the Senator's time expired?

The PRESIDENT pro tempore. The Senator from Arkansas has 2 minutes remaining.

Mr. FULBRIGHT. I do not believe that there is any possibility, in the real application of the amendment, for any gouging on the part of people in the businesses affected, because it would be utterly fantastic to go through all the trouble of maintaining their prices at 2 percent below for 60 days in order to get an opportunity to raise the price 100 percent above ceiling for 1 day. In my opinion, if that should happen, they simply would not sell anything. It would simply be an idle gesture, and then the ceiling would go on again. I cannot imagine that, as a practical matter, they would profit at all; and, to weigh against that, there would be freedom from interference with their business on the part of the Price Administrator, with all the reports, the innumerable man-hours, and so forth, which are required in order to make the reports. For example, one of the largest industries of this country has had five different orders since the 26th day of January.

The PRESIDENT pro tempore. The time of the Senator has expired. All time for debate has expired. The question is on the amendment of the Senator from Arkansas.

Mr. FULBRIGHT. I ask for the yeas and nays.

The yeas and nays were not ordered.

The PRESIDENT pro tempore. The question is on the amendment of the Senator from Arkansas. [Putting the question.] The "noes" appear to have it.

Mr. FULBRIGHT. I ask for a division.

On the division, the amendment was rejected.

The PRESIDENT pro tempore. The bill is open to further amendment.

Mr. YOUNG. Mr. President, I send to the desk an amendment, which I offer and ask to have read.

The PRESIDENT pro tempore. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 2, line 22, following the words "per centum" it is proposed to strike out the remainder of the line and all of line 23.

Mr. MAYBANK. Mr. President, is this a printed amendment?

The PRESIDENT pro tempore. It is not printed. It is an amendment offered from the floor.

Mr. YOUNG. Mr. President, at a time when Mike DiSalle, Administrator of the Office of Price Stabilization, and others are asking for new and broader authority to roll back farm prices, another Government agency—the Commodity Credit Corporation—is facing the prospect of committing several billion dollars in crop loans to support farm prices at minimum levels ordered by Congress in various agricultural acts. This inconsistency should be apparent to most people.

To encourage farmers to produce the necessary food and fiber to meet war necessities, the Congress during the last war not only supported important food crops at 90 percent of parity during the war—but committed itself to continue those supports for 2 years after the war. This was to insure farmers against loss and to help them reconvert to peacetime

production requirements after the war ended. The tremendous agricultural production of those years certainly proved the wisdom of that action.

Presently the threat of demoralized and depressed farm prices is far greater than that of any prospective inflationary prices. With but a few exceptions, most farm commodity prices have dropped steadily in the past 6 months. Another huge crop of almost all farm commodities is in prospect, which will provide the best assurance that there will be abundant food for all at reasonable prices. Cotton prices have already dropped more than 20 percent in the past 3 months. The prices of most other farm commodities have dropped correspondingly in this same period.

Wheat, corn, oats, barley, and rye are not only presently below parity levels designed to give farmers a fair exchange value for their products, but, in most cases, even below the levels at which CCC is required by law to support these commodities through loans and purchase agreements.

At the present market, the farmer can obtain more for his wheat or corn by placing it under loan than he can by selling it at his local elevator. For this reason, it is obvious that this year far more farmers will take advantage of the loan program than last year, and it appears probable that CCC loans on wheat and corn alone may total from two to three billion dollars on the 1951 crop.

Here is a brief excerpt from the Wall Street Journal of June 26, 1951, which I think is interesting:

War's anniversary finds a number of commodities selling below a year ago. Stand-outs are some grains. Oats, a major livestock feed, now sells at Chicago for 78 cents; a year ago, it brought over 93. Barley, of a grade used for beer, is currently worth \$1.70 a bushel at New York, 8 cents less than a year ago. One of the biggest declines has been registered in flaxseed. It is the source linseed meal, another livestock feed, and linseed oil, an important paint-pot ingredient. At Minneapolis flaxseed now brings \$3.35 a bushel, 20 percent under the year-ago price. No higher than at the time of the Korean outbreak is crude oil, still bringing \$2.65 a barrel in east Texas fields. Several other commodities aren't far from the year-ago price point. Among these are coconut oil, used in soap-making and aluminum.

On the first anniversary of the Korean War, both wheat and corn prices were down approximately 25 cents per bushel from the high marks reached in February of this year. Oats were down nearly 30 cents per bushel. In a free economy, these lower livestock feed prices would, in time, be translated into lower beef and pork prices in the retail markets of America.

One of the few exceptions to dropping farm prices has been the price of beef. Admittedly it is high, but with dropping feed prices there is every reason to believe the price of beef will be declining in the next few months, the same as other farm commodities.

The pig crop this year is one of the greatest in history. For the past few months hog prices have been at approximately parity levels. A considerable

drop is almost certain in the next few months when the runs become heavy. The prices for poultry presently and for many months have been far below parity.

Mr. President, unfortunately, it seems to be the general opinion of the vast consuming public that the farmers are receiving exorbitant prices for their commodities. I know of no agency of the Government that has done more to misrepresent the position of the farmers or more to discredit them than has OPS. It is indeed unfortunate that the public is led to believe that the farmer is receiving an exorbitant share of the national income and that the prices for agricultural commodities are unreasonable.

According to BAE—Bureau of Agricultural Economics—figures, the realized net income of farm operators reached a record of \$17,800,000,000 in 1947. The net income declined in 1948, 1949, and 1950. This year the net income from farming is expected to come close to the 1947 record—although it will buy 12 percent less than it did in 1947—if the present level of consumer prices continues during the remainder of the year in comparison.

Nonfarm personal income has set a new record every year since 1940 and is expected to set another record, at least 25 percent higher than it was in 1947. Although farm prices and income have increased more percentagewise within the past year, the increase has not yet placed farmers in an economic position equal to the one they held in 1947. Nor is it anywhere near equal the nonfarm population.

In 1950 our farm population, which comprises approximately 15 percent of our total population, received only 6 percent of the total national income. Per capita income of the average farm family for 1950 was \$804, while during the same year nonfarm family income was \$1,546.

At the present time we are concerning ourselves with inflation and seem to be forgetting that a peace arrangement in Korea might touch off a deflation, usually led by a drop in farm and other raw-material prices. Speaking frankly, I feel that the price supports for farm products are more important presently than price controls.

There should be no doubt as to the importance of parity prices for agriculture. During the period 1929–40 farm prices were at an average of 92.4 percent of parity, and we averaged 16.6 percent unemployment.

During the period 1941–50 farm prices averaged 113 percent of parity, wholesale farm prices as compared to the wholesale price of all commodities, and we averaged only 4 percent unemployment.

The United States cannot maintain full employment and full production unless we have a foundation of farm production and farm price levels to support it. Price stability is a continuous economic problem, and I hope that the Senate will not forget that our farm price structure is the key factor in both inflation and deflation.

One of the major curses of economic controls is that they beget more controls. Now that OPS has its foot in the farmer's door with the ill-advised beef price roll-back, American producers must reconcile themselves to additional unworkable controls unless Congress meets the issue head on and flatly refuses to extend the authority for price controls beyond June 30.

Present strategy of price-fixing advocates appears to be a campaign for extension of the existing law for a brief period. This, they apparently believe, would give them time to pressure Congress into enacting a tougher law which would run for two or more years. Anyone who recalls the bitter battle waged by officials of the old OPA to retain their authority long after the last war had ended will understand this latest grab for power. If the proponents of OPA had had their way we would still have that program. It never would have been repealed. According to them, there would always be an emergency.

With prices of most farm commodities far below parity levels, with big department stores engaged in price-cutting wars, and with bulging inventories in the hands of most retailers over the country, it is currently impossible to justify the demands which OPS is making for continued controls over the economic life of the Nation. Moreover, with industrial production at high levels and the outlook excellent for another big crop of food and fiber on the Nation's farms, it appears highly doubtful that prices generally will reach levels at which ceilings could be imposed under existing law.

What OPS really wants is to fix the prices of agricultural commodities below parity. It has been trying desperately during the past months to get this authority from Congress. These facts lead to the conclusion that what OPS really wants is blanket authority to fix prices and wages at whatever levels it deems proper, without any of the restrictions which Congress wrote into the Defense Production Act.

As a Nation, we have had enough experience to know that the only solution for shortages and high prices is increased production. Those twin problems were licked following World War II, but only after OPA had been scrapped. Had controls been continued we would never have achieved the production which brought this country the highest living standard in our history and still enabled us to supply billions upon billions of dollars' worth of goods and services to the less fortunate countries of the world which had not the foresight to remove their own production shackles.

None of the dire predictions of the economic planners has materialized and in view of their record of wrong guesses, it would be the height of folly to accept their recommendations now. Just after the outbreak of the Korean War we were told that unless full-scale price and wage controls were applied there would be critical shortages of virtually everything—empty shelves in the stores, empty grain bins on the farms, and general economic chaos everywhere. We

were told that automobiles, washing machines, electrical appliances, and a variety of other goods which have become a part of our normal living would be unobtainable within a matter of weeks or months.

Now, 1 year after the start of that war, and despite a huge shift in our industries to defense production, most of these items are more easily obtainable than they were in June of 1950. Had the prophets of doom had their way it is a virtual certainty they would have imposed such stringent controls over the Nation's economy that their predictions of shortages would have materialized. Certainly the men who have been so completely wrong in their judgment in the past should not be permitted to dictate our policies of the future.

Consumers are not spending any more of their disposable income for food than they did in previous years. Industrial wages are at an all-time high, and our Government has been approving contract after contract calling for higher wages for labor. It is only fair that labor should receive increases as compensation for higher production, but at the same time the farmer should also be given an equal incentive to produce the food and fiber which the Nation requires. There will be little incentive if present price control legislation is extended beyond June 30.

OPS has done little to curb inflationary prices of industrial goods. I doubt that if OPS were continued its record would be any better in the future than it has been in the past. In all probability there will be some unreasonable price rises if OPS is discontinued, but certainly no more than there have been since OPS commenced its operations last January. The consumer has little to lose and much to gain by eliminating price controls.

Many leading economists agree that the inflationary problems of this country are in a large measure traceable to the Government's own fiscal policies. The unbalanced budget with deficit spending is highly inflationary. This could, in a large measure, be corrected by cutting back sharply on nonessential, nondefense activities. The policies of the Treasury and the Federal Reserve Board with respect to bond supports and interest rates have likewise been inflationary, although there have been belated reversals of policy with respect to these programs. A tax program designed to balance the Federal budget would also reduce basic inflationary pressure. On these things most economists are agreed, but many Government leaders still insist upon attempting to treat the symptoms of inflation rather than its basic causes.

As a sop to farmers, who would be squeezed more than any other segment of our economy under complete price and production regimentation, some governmental spokesmen have indicated their support of a subsidy program. They would fix and even roll back prices and then make up part of the loss to the farmer with an outright subsidy from the Federal Treasury. Farmers have had past experience with that plan, and they want no more of it.

They realize that at best it gives them far less than a fair price for their products, and at the same time it deludes the consumer into believing he is getting lower food prices when, actually, he is paying the subsidy in the form of higher taxes.

The most effective means of preventing shortages and runaway prices is through increased production. This needed extra production can be obtained only in a free and unregimented economy. Congress should face the issue squarely and permit price controls to expire automatically on June 30.

Mr. President, I ask unanimous consent to have inserted in the RECORD as a part of my remarks several tables which were prepared by the staff of the Senate Committee on Agriculture and Forestry. The figures are from the Bureau of Agricultural Economics.

The first table gives the price of wheat, corn, barley, rye, oats, and flaxseed in June 1950, as compared with June 22, 1951, which indicates that in most instances these grains are selling at a lower price per bushel now than they were in June 1950.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Commodity	Unit	Average price received by farmers on Minneapolis market		
		June 1950	February 1951	June 22, 1951 ¹
Wheat, No. 1 Dark Northern Spring.....	Bushel	\$2.446	\$2.602	\$2.436
Corn, No. 3 Yellow.....	do	1.397	1.693	1.595
Barley, No. 3.....	do	1.601	1.673	1.183
Rye, No. 2.....	do	1.418	1.894	1.837
Oats, No. 3 White.....	do	.869	.972	.754
Flaxseed, No. 1.....	do	4.031	4.838	3.55

¹ Latest price available. These prices are weighted average prices for the day or month indicated and were obtained from the Bureau of Agricultural Economics.

² Average price for June 21 as there were no sales on June 22.

Mr. YOUNG. Mr. President, I also ask unanimous consent to have inserted in the RECORD a table which shows that bread is selling at a much higher price now than it was back in 1950 while wheat price is practically the same. Oats are selling much lower than in 1950 yet a 20-ounce package of rolled oats rose in price from 16.1 cents on an average throughout the United States to a present of 17.5 cents.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Item	Average price		
	April 1950	October 1950	April 1951
White bread (per pound).....	Cents 14	Cents 14.7	Cents 15.6
Rolls oats (per 20-ounce package).....	16.1	16.5	17.5
Print cloth, 30½-inch, 64 by 60, 5.35 yards to pound (per pound, New York).....	14	21.6	20.5

¹ Average retail price in 56 leading cities of the United States.

BAE figures.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. YOUNG. I yield.

Mr. MAYBANK. Does the Senator know why these commodities are selling for more now than they did a year ago?

The PRESIDENT pro tempore. The time of the Senator from North Dakota has expired.

Mr. LANGER. Mr. President, I ask unanimous consent that my colleague may have two more minutes in order to place the tables in the RECORD. The tables are very important.

Mr. MAYBANK. Mr. President, I was about to suggest to my good friend, the junior Senator from North Dakota, that he might use the remainder of the time at my disposal if he so desires. I wish to inquire of the two Senators from North Dakota why there was a decline in the price of wheat during the last year?

Was it not because of the farmers' ability to produce, and the farmers' essential loyalty and willingness to produce, and not to be controlled?

Mr. YOUNG. That is absolutely correct. I am certain that this huge production would not have been possible had the farmers operated under controls. They were able to produce so much because of favorable weather on the one hand and because that was a price incentive to produce and farmers are naturally industrious people.

Mr. President, I ask unanimous consent to have printed in the RECORD another table which illustrates the purchasing power of industrial labor. The table indicates that on April 15, 1948, the average factory worker earned in an hour enough to buy 1.8 pounds of pork chops. By 1951 he was able, with 1 hour's wages, to buy exactly 2 pounds of pork chops. In other words the average factory worker can buy more pork for an hour of work now than he did in 1948.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

PURCHASING POWER OF 1 HOUR OF LABOR IN BUYING PORK CHOPS

April 15, 1948: 1.8 pounds per hour (purchasing power). Average price 72.9 cents per pound.

April 15, 1949: 2.1 pounds per hour (purchasing power). Average price 67.4 cents per pound.

April 15, 1950: 2.1 pounds per hour (purchasing power). Average price 68.3 cents per pound.

April 15, 1951: 2 pounds per hour (purchasing power). Average price 77.1 cents per pound.

Source: Bureau of Agricultural Economics.

Mr. YOUNG. Mr. President, I also ask unanimous consent to have printed in the RECORD a table showing the purchasing power of the industrial worker with respect to beef. The table shows that there is very little difference between the purchasing power of labor with respect to beef now and what it was in April 1948.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

PURCHASING POWER OF 1 HOUR OF WORK IN BUYING STEAK (ROUND)

April 15, 1948: 1.6 pounds per hour (purchasing power). Price, \$0.847 per pound.

Average hourly earnings of production workers in manufacturers' industry, \$1.314.

April 15, 1949: 1.7 pounds per hour (purchasing power). Price, \$0.813 per pound. Average hourly earnings of production workers in manufacturers' industry, \$1.401.

April 15, 1950: 1.7 pounds per hour (purchasing power). Price \$0.865 per pound. Average hourly earnings of production workers in manufacturers' industry, \$1.434.

April 15, 1951: 1.5 pounds per hour (purchasing power). Price, \$1.0832 per pound. Average hourly earnings of production workers in manufacturers' industry, \$1.579. BAE figures.

The PRESIDENT pro tempore. The time of the Senator from North Dakota has expired.

Mr. MAYBANK. The two Senators from North Dakota are eminently correct in their statements. Is it the desire of the junior Senator from North Dakota to have a vote on his amendment?

Mr. YOUNG. No. Mr. President, I withdraw the amendment.

The PRESIDENT pro tempore. The Senator from North Dakota withdraws his amendment. The bill is open to further amendment.

Mr. LEHMAN. Mr. President, I wish to offer an amendment. Does any other Senator come before me?

The PRESIDENT pro tempore. Yes, two other Senators are ahead of the Senator from New York, but the Senator from New York is recognized in view of the fact that they are not now in the Chamber.

Mr. LEHMAN. Mr. President, I call up the amendment designated "6-26-51—L" offered on behalf of myself, the Senator from Illinois [Mr. DOUGLAS], the Senator from Michigan [Mr. MOODY], the Senator from Connecticut [Mr. BENNETT], and the Senator from Rhode Island [Mr. PASTORE].

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. On page 3, between lines 4 and 5, it is proposed to insert the following:

ADVISORY GROUP

SEC. 5. Section 703 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new subsection:

"(c) In the formation of policies under this act and in the administration of such policies, the President shall, insofar as practicable, consult, advise with and utilize representatives of business men, farmers, workers, and consumers."

Redesignate succeeding sections accordingly.

Mr. LEHMAN. Mr. President, my amendment provides for more adequate consultation by the mobilization and stabilization agencies with the groups in our economy who are affected by the actions of those agencies.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. LEHMAN. I yield.

Mr. MAYBANK. I congratulate the Senator on his amendment. The amendment is in the spirit of the law which we are trying to write. The amendment only provides that the President, insofar as practicable, consult more with businessmen, farmers, workers, and consumers.

Mr. LEHMAN. Yes. It is an expression of intention.

Mr. DIRKSEN. Mr. President, of course, the Senator from Illinois must disagree with that latter simple explanation.

Mr. MAYBANK. I shall wait until the Senator from New York has concluded his statement.

Mr. LEHMAN. Mr. President, I shall expand my argument.

The amendment is a very simple one, consisting, as my colleagues see, of only a few lines. I will not take much of the time of the Senate in discussing it. I believe that its benefits should be so obvious that the Senate will approve it.

It seems to me that the consultation called for under the terms of my amendment should have been and should be undertaken without a legislative mandate. But all too often in the past the agencies involved did not find time to go through the process of consultation with the economic groups most intimately affected by the actions of these agencies.

When I refer to the economic groups affected, I mean labor, I mean business, I mean the farmers, I mean the consumers. In the case of price control regulations, I mean especially the consumers whose interests are the most intimately affected and yet often the most overlooked and neglected of all.

Section 404 of the Defense Production Act of 1950 provided that—

In carrying out the provisions of this title (Title IV, Price and Wage Stabilization) the President shall, so far as practicable, advise and consult with and establish and utilize committees of representatives of persons substantially affected by regulations or orders issued hereunder.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. LEHMAN. I yield.

Mr. MAYBANK. The Senator has spoken of orders issued hereunder. I am only hopeful that in addition to the administration consulting with businessmen, farmers, workers, and consumers, as the Senator from New York has suggested, those in charge of carrying out the act will write simple and reasonable orders that small-business people can understand.

Mr. LEHMAN. I hope so, too.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. LEHMAN. I yield.

Mr. CAPEHART. Would the Senator care to add language to the effect that where businessmen wanted to designate secretaries of trade associations they might do so.

Mr. LEHMAN. I would not like to write that in the bill. Frankly, I am not sufficiently familiar with the procedure so that I would want to write in that language.

Mr. CAPEHART. But the Senator would agree, as a matter of record, that it certainly is not the intention of Congress that they shall not consult with such representatives and permit businessmen and their associations to use their executive secretaries.

Mr. LEHMAN. My hope is that they will use the best channels of information, advice, and counsel available.

Mr. CAPEHART. If an industry has an association, and there is a secretary

of the association, the secretary should be permitted to act for the businessmen and to cooperate, just as any other individual would be.

Mr. LEHMAN. I certainly would not be willing to add that to the amendment I have proposed, but I will say to the Senator that by courtesy of the chairman of the Banking and Currency Committee and its members I was permitted to sit in on many of the hearings. I recall that one day a secretary of one of the trade associations from Cleveland testified. He was representing the small tool and die makers. I was deeply impressed with his knowledge, and I feel that a man like that should be used.

Mr. MAYBANK. I do not think we can legislate any such requirement.

Mr. CAPEHART. Mr. President, I am only trying to make a record. For example, there are small-trade associations whose members cannot afford to come to Washington, but they can get together and designate one person to represent them. I think that under those circumstances those administering the law ought to listen to the person who is designated as a representative.

Mr. LEHMAN. I would not want to have passed any legislation which would bar them from doing so. On the other hand, I would not want to suggest any legislation which would make it mandatory for them to work with this man, that man, or some other individual.

Mr. CAPEHART. I agree with the Senator, but I am sure the Senator would not want to bar an association from designating a representative.

Mr. LEHMAN. My amendment does not seek to do that.

Obviously this language intended that the Government agencies engaged in writing control orders or regulations should consult with representatives of the groups which would be affected by those regulations. The language did not require that the agencies abide by the demands of these groups but only that the agencies advise and consult with them. It was, in my opinion, a good provision and one which was designed to have a wholesome effect on the success of operation and enforcement of price and wage regulations.

However, there was substantial testimony before the committee to the effect that these hearings and consultations with affected groups have not been successful and in fact that in many cases such consultations have never been held.

S. 1397 attempted to correct this situation. Section 104 (d) of S. 1937 amended the language quoted above by adding the words "including representatives of businessmen, farmers, workers, and consumers." This language would strengthen section 404 of the Defense Production Act by listing the groups which should be consulted prior to the issuance of regulations or orders.

In the committee's report on S. 1717, it was stressed that adequate consultation with representatives of business, farm, and consumer interests had not been carried out. In speaking of the flexibility written into the allocations and priorities section of the Defense Production Act, the committee said that consultation with industry was a "pol-

icy which has been disregarded all too often and which your committee feels should be emphasized much more."

On June 26, the distinguished chairman of the Banking and Currency Committee said in very strong terms that many times industry had not been consulted and that farmers had never been consulted. To the best of my knowledge the consumer has not been represented either.

There certainly is no good reason why groups affected by regulations and orders should not be consulted prior to the promulgation of orders. My amendment, which is based on language contained in Senate bill 1397, attempts to strengthen the consultation requirements of the Defense Production Act by adding and specifying certain groups with which the Government agencies must consult. In addition the legislative history built up by the discussion and enactment of this provision will indicate to the Government agencies that the Congress means what it says and it is saying that consultation must be held.

Mr. President, I hope the distinguished chairman of the committee will accept the amendment, and that the Senate will adopt it.

Mr. MAYBANK. Mr. President, I can only say that I spoke to the ranking Republican member of the committee, and we decided that we would be very pleased to take this amendment to conference.

Mr. LEHMAN. I thank the Senator. I think it should be adopted.

The PRESIDING OFFICER. (Mr. ELLENDER in the chair). The question is on agreeing to the amendment offered by the Senator from New York [Mr. LEHMAN].

Mr. DIRKSEN. Mr. President, I ask for recognition against the amendment. Has the Senator from New York finished?

Mr. LEHMAN. I have finished. Mr. President, how much time have I left?

The PRESIDING OFFICER. The Senator from New York has six more minutes.

Mr. LEHMAN. I yield the floor for the time being.

Mr. DIRKSEN. Mr. President, I am quite sure of my ground with respect to the language in the original bill, but when these advisory committees were set up it was provided, of course, that those who served on such advisory committees should have an interest in the subject matter upon which advice was being given. The situation is quite different so far as it relates to the amendment offered by the Senator from New York, because his amendment reads as follows:

(c) In the formation of policies under this act and in the administration of such policies, the President shall, insofar as practicable, consult, advise with, and utilize representatives of businessmen, farmers, workers, and consumers.

It says absolutely nothing to the effect that they shall have even so much as a proximate interest in the matter upon which advice and consultation is to be had. One can roam afield into the country and find persons who have no inter-

est whatsoever, but they may represent a line of thought with respect to which someone may perhaps want advice. The amendment would establish a peculiar kind of council, it seems to me, which would be wide of the mark so far as concerns advice which really would count for anything, and which would be constructive.

Frankly, as I remember, this question arose in connection with the amendments which were submitted to the original act. There were 47 pages of text, amending nearly every particular of the original act, and this was one of the amendments. It would have changed the original context of the Defense Production Act, and it was not accepted by the committee.

I sincerely hope that under these circumstances the chairman will not accept this amendment, because there is the germ of an idea in it which could expand into some kind of production council which has no particular interest in the subject matter on which advice is to be given in the Nation's Capital.

I am not too happy about the implications which are involved. Since the amendment was rejected by the committee in the first instance, I think I shall want to follow out pretty well the idea which has been expressed by the chairman, that in a general way he intends to resist most of the amendments which are offered. I think this one, of all amendments, should be resisted.

Mr. President, I reserve the remainder of my time.

Mr. MAYBANK. Mr. President, I discussed the matter with the Senator from Indiana [Mr. CAPEHART]. I cannot recall that the committee rejected any such specific amendment. It did reject an amendment under which secretaries and others would be permitted to represent business people. I believe that is the law. This amendment might only strengthen the law. If the amendment involved any change in the law, I would not even have considered it.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. DIRKSEN. I thought my friend from South Carolina had observed that this was not a part of the whole text of amendments which came up.

Mr. MAYBANK. The President recommended it; but, of course, as the Senator from Illinois knows, there are many things recommended by the President with respect to which I do not go along.

Mr. DIRKSEN. That is true.

Mr. MAYBANK. This was one with which I thought I could go along.

Mr. DIRKSEN. We had long deliberations in 1950 before the original act was passed, and the matter was very carefully considered by the committee. It was provided in the 1950 act that the councils which should be consulted should consist of representatives who had an interest in the subject on which the consultation was to take place. It seems to me that if we are to make this an open-ended matter we can go anywhere in the country and set up any kind of council, no matter what its political, social, or economic cast or complexion

may be, and we will be getting advice which will be oblique and slanted. I do not believe it is fair to any segment of industry or enterprise to do so.

I believe the Senate has not heard one argument as to why the text of the original act should be changed. Certainly the amendment was before the committee, and the committee rejected the amendment, as a matter of fact. Now it is proposed to write it into the act in the manner proposed. The junior Senator from Illinois will not accept it, and will insist that the Senate vote on the amendment.

Mr. MAYBANK. Does the Senator wish a standing vote? Let us have a standing vote.

Mr. DIRKSEN. No, I am asking for a record vote.

Mr. MAYBANK. The junior Senator from Illinois is not going to ask for a ye-a-and-nay vote on the amendment, is he?

Mr. DIRKSEN. Yes, indeed.

Mr. MAYBANK. Very well. I ask for the yeas and nays. We are just taking up time.

Mr. DIRKSEN. If my good friend from South Carolina wishes—

Mr. LEHMAN. How much time do I have remaining?

The PRESIDENT pro tempore. The Senator from New York has 6 minutes remaining.

Mr. MAYBANK. Does the Senator from Illinois wish to have a ye-a-and-nay vote?

Mr. DIRKSEN. I will take a division.

Mr. CAPEHART. Mr. President, is the Senator from New York proposing to amend section 5 or section 703?

Mr. LEHMAN. I am proposing to amend section 703 of the act.

The PRESIDING OFFICER. (Mr. ELLENDER in the chair). The Chair is informed that the amendment would apply to section 703 of the Defense Production Act of 1950.

Mr. DIRKSEN. If my friend from Indiana will yield, I believe the reference is wrong, because I do not know of any subsection or paragraph 5 of section 703 of the original text. At least I have been unable to find it.

Mr. LEHMAN. I believe my amendment should have stated section 703. It would come after "(b)" of section 703.

The PRESIDING OFFICER. Section 5 amend section 703 of the law.

Mr. DIRKSEN. Of the 1950 basic act. That is correct.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York.

Mr. LEHMAN. I should like to have the attention of the junior Senator from Illinois.

Mr. DIRKSEN. Do I have any time remaining?

Mr. LEHMAN. My amendment would amend section 703 of the Defense Production Act, and would be added at the end of section 703. I may say to the distinguished Senator from Illinois that I know perfectly well that on industry committees there are representatives of industry and of wage earners. However, my amendment does not refer to indus-

try or trade committees. It is much broader than that. It reads as follows:

(c) In the formation of policies under this Act and in the administration of such policies, the President shall, insofar as practicable, consult, advise with and utilize representatives of businessmen, farmers, workers, and consumers.

I should like to say to the Senator from Illinois that I believe businessmen are a very important segment of our population, and should have some voice in the formation of policies. Farmers are a very important segment of our population, and should have some voice in the formation of policies. Workers are a very important segment of our population, and they, too, should have a voice in the formation of our policies. I certainly believe that consumers, the people who are directly affected, should have some voice in the formation of policies. I believe the evidence presented at the hearings before the committee shows very clearly that the consumers have had no voice, and have not been able to present their views.

Mr. MAYBANK. I thoroughly agree with the Senator from New York, that the consumers have not had a voice. I believe the Senator's amendment should be taken to conference. Of course, I have also made the statement previously, and I wish to be consistent, that if a vote is taken on any amendment, I shall vote against it no matter how meritorious it may be. I say that because the committee reported a bill, and we now have 60 amendments before us which I have had no chance to consider.

I was interested to hear the Senator from Indiana say that persons had come to him from Detroit to suggest amendments. Some persons have come to me, and I said that I could not suggest any amendments, because if I were to suggest an amendment for one person, I would have to suggest amendments for others.

I do not wish any Senator to misconstrue what I have to say. It is up to the Senate to tell me what to do. After all, the Senate is the boss of the Committee on Banking and Currency. I am the chairman of the committee. I shall not vote for any amendment on which a vote is asked. In justice to the Senator from New York, I will say that what he has said is absolutely correct. Consumers, in my judgment, have not been properly protected. I said I would take his amendment to conference if I were permitted to do so.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. CAPEHART. We had any number of businessmen and organizations testify before the committee. They complained that they were not consulted. That is particularly true of farmers. I remember three or four different witnesses who complained that they were not consulted. The amendment offered by the Senator from New York requires that the President shall consult with them. I see nothing wrong with the amendment. I shall vote for it. I believe it is a good amendment. I do not know why objection is raised to it.

Mr. THYE. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield to the Senator from Minnesota.

Mr. THYE. Mr. President, when the Defense Production Act was first written we endeavored to incorporate in it certain safeguards, particularly to the effect that any business, processor, producer, or person engaged in the manufacture of any goods, against whom a regulation would be imposed, would have an opportunity to be heard while the regulation was in process of promulgation. Because no opportunity has been given to the businessman to testify and to make recommendations as to what the regulations should contain we have had the unfortunate experience with regulations with which we are familiar.

Mr. President, one can go to any farmer, producer, or manufacturer of goods and he will find that they are all complaining that the regulations do not make common sense as they relate to their specific businesses. For instance, let us consider the situation in Minneapolis and St. Paul, about which I know. In the apparel industries there, the manufacturers almost to a man, will state that the regulation which was imposed upon the apparel industries in the Twin Cities practically drove those engaged in such industries out of the wholesale business because they did not know how they could sell; they did not know what prices to charge. The retailer did not know what his experience would be in the future, and therefore he did not dare place his orders.

It is for that reason that I believe that as we now prepare to pass this new control bill, we should take steps to make certain that those who will be affected by the regulations will have an opportunity to confer with the Price Administrator when determination is made of the regulations which will be imposed upon their segment of the industry.

Mr. DIRKSEN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. ELLENDER in the chair). Does the Senator from Minnesota yield to the Senator from Illinois?

Mr. THYE. I am glad to yield.

Mr. DIRKSEN. I think the Senator is exactly correct in saying that those who will be affected by the regulations should have an opportunity to confer regarding them.

Mr. THYE. Yes, I think that is correct.

Mr. DIRKSEN. However, what will be the situation if a person who lives thousands of miles from the location affected, and who has a cast of mind and thinking that is what those in charge of the program desire it to be, is allowed to participate in the policy-making consultative groups, even though he has not the slightest interest in the matter?

Mr. THYE. I say to the Senator from Illinois that he has voiced the very point I was trying to develop.

I wished to refer to the past experience with the regulations which have been in effect, and I wished to point out that the policy boards proposed in the amendment must and should include repre-

sentatives of the manufacturers and processors, as well as representatives of the consumer groups, because only in that manner will regulations which are based on common sense and are administratively feasible be developed, and only in that manner will it be possible to develop regulations which will be practicable and will be adhered to, once they are imposed.

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

The Senator from New York has 4 minutes remaining.

Mr. CAPEHART. Mr. President, will the Senator from New York yield?

Mr. LEHMAN. I yield.

Mr. CAPEHART. Will the Senator from New York accept, as an amendment to his amendment, the following change in line 8: change the period at the end of that line to a comma, and then add the words, "who are directly affected by such policies."

Mr. MOODY. Mr. President, will the Senator yield?

Mr. CAPEHART. Will the Senator from New York accept that change as an amendment to his amendment?

Mr. LEHMAN. Mr. President, I understand the Senator's purpose, and I appreciate his interest in this matter.

If the amendment dealt only with trade committees and industry committees, I would be willing to make the change suggested by the Senator from Indiana. However, the amendment is much broader in its scope; it deals with the formation of broad policies. By means of the amendment, I have sought to give representation to the four great segments of our population: namely, businessmen, farmers, workers, and consumers. Therefore, I believe it would complicate the amendment if I were to adopt the suggestion the Senator from Indiana has made.

Mr. CAPEHART. However, I think the Senator should accept such a modification, namely, to add the words "who are directly affected by such policies."

The amendment as it now stands reads as follows:

(c) In the formation of policies under this act and in the administration of such policies, the President shall, insofar as practicable, consult, advise with and utilize representatives of businessmen, farmers, workers, and consumers.

Following that provision, the modification or amendment I have suggested would add the words "who are directly affected by such policies."

In other words, if the policies to be formed dealt with cattle and the regulation of prices of cattle and of beef, the result would be that, by virtue of this amendment, the President would consult with persons in the cattle business. On the other hand, if the policies to be formed had to do with the manufacture of automobiles, the President would consult with representatives of the automobile-manufacturing business.

Therefore, I think the change I have suggested would strengthen the Senator's amendment.

Mr. LEHMAN. Mr. President, my thought is that in the formation of

these policies, all segments of our population should be consulted, because all of them are interested in the formulation of the policies. I think all segments of our population are interested in the development of regulations affecting the price of automobiles, for instance.

Mr. CAPEHART. Yes; but I do not think persons who are engaged in the automobile manufacturing business should be consulted in connection with the development of a regulation affecting meat. It would be desirable to consult representatives of the automobile manufacturing business in connection with the development of regulations affecting the selling of automobiles, for instance, but not in connection with the development of regulations affecting the sale of meat. Similarly, persons familiar with the meat business would be of real use if they were consulted in connection with the development of regulations affecting the meat business, but their advice would be of little or no use in connection with the development of regulations affecting the sale of automobiles.

Mr. LEHMAN. Mr. President, my thought in this matter is that the policies to be formed will be very broad, affecting all segments of the population.

Mr. MOODY. Mr. President, will the Senator yield?

Mr. LEHMAN. I yield.

Mr. MOODY. Mr. President, let me point out—

The PRESIDING OFFICER. All time on the amendment of the Senator from New York has expired.

Mr. MOODY. I should like to say—

The PRESIDING OFFICER. All time on the amendment has expired.

Mr. BRICKER. Mr. President, I move that the amendment of the Senator from New York be amended by striking out, in line 6, the word "President" and inserting "Defense Mobilizer."

Mr. President—

The PRESIDING OFFICER. The Senator from Ohio is recognized to speak on his amendment to the amendment of the Senator from New York.

Mr. BRICKER. Mr. President, I wish to give some attention to the amendment submitted by the Senator from New York.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. BRICKER. I yield.

Mr. MAYBANK. I should like to ask the distinguished Senator from Ohio how long he expects to address the Senate at this time.

Mr. BRICKER. Only a few minutes. I do not wish to delay the proceedings of the Senate.

Mr. MAYBANK. I thoroughly understand.

Mr. BRICKER. Mr. President, I oppose the amendment of the Senator from New York for the reason that in section 404 of the act the President is authorized as follows:

SEC. 404. In carrying out the provisions of this title, the President shall, so far as practicable, advise and consult with, and establish and utilize committees of, representatives of persons substantially affected by regulations or orders issued hereunder.

Such representatives include representatives of businessmen, farmers, workers, and consumers.

Mr. President, under that provision of the present law, there has been an utter failure on the part of the committees or the Economic Stabilizer or the Director of Mobilization to call in those committees, to utilize the authority thus given by the law, or even to follow the recommendations when they were given. In one instance—I refer in particular to the roll-back on the price of beef—at the committee hearings we were told that the representatives of the beef industry were called in; and after a discussion of approximately 15 minutes with the Economic Stabilizer, he walked out of the meeting, but left one of his assistants there. Those who were called to that meeting were told that they would be advised further and would be called into further consultation. They were also informed at that meeting, so they testified at the hearings, that there was no thought of a roll-back on the price of beef. Yet without ever being called back again, and without ever having an opportunity to consult or advise in any way, shape, manner, or character, the roll-back order was issued.

There has been an utter failure and refusal by the administrative officials in any way to avail themselves of the provision already in the law, which is specific and takes into consideration all classes and groups, and is at the working level.

The amendment of the Senator from New York would result in calling in a group of persons, designated by the President of the United States, to advise him.

The first reaction is that he would call persons who would give him the advice he wanted.

The second reaction is that the President would call in persons having a special ax to grind in any particular situation, and the President would not get a cross section of the sentiment or thinking of the people of the country, and neither would he get a proper representative of the public interest, because those called in would be chosen for a particular purpose.

Furthermore, what policy would the President have to determine? The Congress should lay down the policy, and that is what we are trying to do in this bill. The policy should not be determined by the President; but the provisions of the law should be carried out by the administrative agencies created under the law, and the regulations they issue should be issued within the provisions of the law. The present law gives all the authority that could possibly be needed to enable the administrative agencies to obtain all the advice, help, and suggestions they need to obtain from all classes and segments of society that are affected by the rules and regulations which are contemplated.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. BRICKER. I yield.

Mr. MUNDT. Is it not true that the fact that the Senator from New York has refused to accept the modification suggested by the Senator from Indiana

in respect to having the council represent the various segments of the community, indicates the lack of desirability of the amendment, because provision is already made for such a representative council; and the amendment if adopted, would result in a duplication?

Mr. BRICKER. That is correct. The amendment would only add confusion to the whole program. Moreover, the President is not the one to determine the policy, in any case. The rules and regulations affecting the public are what the agencies are concerned with, and they already have authority to obtain all the advice they need.

I think the amendment is unnecessary and would be a hindrance to the proper administration of the bill, when enacted. The amendment would give the President an opportunity to call together a group of persons who, of course, would be primed to follow any course the President wanted to have followed, if he had determined upon such a course—although I do not know what that course might be.

They would decide what the policy should be and the President would say, "Well, my committee has already passed upon it. There is no further need for the administrative department to call in their committees. There is no further use to get any advice or help from the industry-wide committees, or from the consumers, or from the farmers, or from labor. We will just take the over-all policy which has been determined by this committee I have gathered together to suit my purpose." This section of the law could be avoided by carrying out the provision which is proposed by the Senator from New York, and which, to my mind, is utterly unworkable and ineffective.

Mr. MUNDT. Mr. President, will the Senator yield further?

Mr. BRICKER. I yield.

Mr. MUNDT. I take it, though, that even with the minor suggestion which the Senator from Ohio has offered, he would still feel that the amendment of the Senator from New York was bad legislation.

Mr. BRICKER. I think there is no question that it is bad legislation, and unneeded; and, in fact, it will do harm to the bill and to the amendments to the bill which we have heretofore considered.

Mr. President, I withdraw my amendment to the amendment of the Senator from New York.

The PRESIDING OFFICER. The Senator from Ohio withdraws his amendment to the amendment.

Mr. LEHMAN. Mr. President, have I any time remaining?

The PRESIDING OFFICER. The Senator from New York has no time left. There is no time for debate left.

Mr. LEHMAN. I will revise my amendment to include the words suggested by the Senator from Indiana, namely, in line 8 of the amendment, after the word "consumers", add the words, "who are directly affected by such policies."

The PRESIDING OFFICER. The Senator from New York modifies his amendment. If there be no further dis-

cussion, the question is on agreeing to the amendment, as modified, of the Senator from New York. [Putting the question.] The "ayes" appear to have it.

Mr. DIRKSEN and other Senators asked for a division.

On a division, the amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. CASE. Mr. President, I desire to call up my amendment "F."

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 2, after line 13, it is proposed to insert the following:

SEC. —. Section 402 (e) of the Defense Production Act of 1950 is amended by adding at the end thereof the following new subparagraph:

"(vii) Prices in retail establishments with gross sales of less than \$60,000 per annum: *Provided*, That such establishments shall file with the appropriate regional office of the Administrator of the Office of Price Stabilization a sworn statement that their gross annual business as shown by their latest Federal income-tax return did not exceed that amount."

Mr. CASE. Mr. President, in calling up the amendment, I desire to modify it by making the figure \$50,000 per annum instead of \$60,000 per annum.

The PRESIDING OFFICER. The amendment is so modified.

Mr. CASE. Then, Mr. President, I should like to submit a unanimous-consent request that the time on this amendment be cut in half, 7½ minutes to be controlled by the chairman of the committee, and 7½ minutes to be controlled by myself. I think the amendment is simple. It should not take 15 minutes to a side, and we might as well save half the time.

The PRESIDING OFFICER. Is there objection to the request? The Chair hears none, and it is so ordered.

Mr. CASE. Mr. President, this is a simple amendment. It proposes, in effect, that retail establishments which have a gross business of less than \$50,000 per annum shall be put in the same class, so far as concerns exemptions granted by the present act, as professional services, materials furnished for publication, motion pictures, the business of insurance, and rates charged by common carriers. It simply adds an additional group to those that are exempted under this language of the basic act, "The authority conferred by this title shall not be exercised with respect to the following," and it enumerates rates or fees charged for professional services, prices for motion pictures or for articles for publication, and rates for insurance. My amendment affects prices in retail establishments where the total business does not exceed \$50,000 a year. It is in harmony with principles already recognized by the Congress.

In the Renegotiation Act we established an exemption for the renegotiation of the smaller contracts. I think as the bill passed the Senate the exemption of the gross business in contracts with the Government during a year was fixed at \$500,000, but it was reduced in

conference to \$250,000. This amendment says to the small corner stores, or to other small business establishments, "If you are doing less than \$1,000 worth of business a week, gross, including the cost of material, profit, labor, wages, transportation, insurance, taxes, and all that you are exempt. We see it would be a burden and expense to you to have to keep the records and to keep track of the regulations, amendments, modifications, and so forth. It would save the Government money if it were not required to send somebody around to police your activities. We know that, as a matter of fact, competition will police your activities."

The small store in Washington would be policed by competition with the general store, by the large establishment. In the section of the country from which I come, the little store is policed by the store in the county seat. If, on a few items, the little store sold at a few cents above the ceiling price, operating perhaps longer hours and keeping the shop open, perhaps, at night or Sundays, and if but a few cents once in a while were charged more than the price at a big store, no great harm would be done.

It is something that is self-executing. I do not suggest that the little stores should be able to make a statement that their business will not be above \$50,000, but there is in the amendment this proviso:

Provided, That such establishments shall file with the appropriate regional office of the Administrator of the Office of Price Stabilization a sworn statement that their gross annual business as shown by their latest Federal income tax return did not exceed that amount.

Any violation would be actionable, because it would require a sworn statement, but the statements could be easily checked by reference to the last Federal income tax return. It would not require policing by the Federal Government, and it seems to me it would accomplish what we all desire to do, which is to reduce the expenses of administering the program, and to reduce the demand for personnel—and preserve price ceilings.

While more than half of the retail business establishments of the country would be affected, it would not be half the total volume of business. Most of the business, in volume, is done by the larger establishments, but the little places along the street corner and in the smaller towns, by filing this kind of statement, could exempt themselves from having to keep up with all the changes in regulations.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. CASE. I yield to the Senator from Illinois.

Mr. DIRKSEN. I may say to the Senator from South Dakota that Mr. DiSalle testified that he has 6,000 people on the payroll now, and in the 1952 budget he is asking for 29,000 more. That means that OPS will have a force of 35,000 employees. It is my considered opinion that if the amendment offered by the Senator from South Dakota is agreed to, we can cut the staff in two and

save millions of dollars in administrative expenses.

Mr. CASE. I thank the Senator for his contribution. It will also save on store personnel, because these little establishments would have to get additional employees in order to comply with the law.

Mr. President, I reserve the remainder of my time.

Mr. MAYBANK. Mr. President—

Mr. HUMPHREY. Mr. President, will the Senator from South Carolina yield to me?

Mr. MAYBANK. I should first like to make a brief statement, and then I shall be happy to yield to the Senator from Minnesota.

Mr. President, as I state some time ago, whatever the Senate of the United States wishes to do, that, as chairman of the committee, I intend to do. But who knows what a \$50,000 business is? It might make \$50,000 this year and it might make \$100,000 next year. That is the question which is in my mind. There have been no hearings on this amendment before the committee. I very frankly stated to the members of the committee, when we agreed that we would not offer many amendments, that I was not going to support any amendment. I have not as yet supported any amendment.

Mr. President, I have checked the amendment offered by the Senator from South Dakota. I have great affection for the Senator, and I know his purpose. I spoke to him about it and told him the position in which I found myself. If the committee desires to reverse me, it is quite all right.

It is obvious that the proposed exemption from price control would remove ceilings from a significant segment of the economy. The effect on stabilization would be inflationary.

In some areas the retail establishments are the only ones available to consumers. The existence of mail-order houses does not completely change that situation. In such areas prices might be substantially increased to persons who could not successfully buy elsewhere at controlled prices.

An establishment favored by this exemption might divert goods to itself and sell them at higher prices. To the extent that this occurred, inflation would be increased.

No one knows who is going to do a \$50,000 business or a \$60,000 business. Because of the serious inflation which exists, and which the Congress of the United States did not create, \$50,000 is worth much less than \$25,000 was a few years ago.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. What would be the effect if a man on one side of the main street did a business of \$40,000, and a man a block farther down did \$75,000 worth of business? Would not the adoption of the amendment result in unfairness?

Mr. MAYBANK. Of course. The Senator knows that is true.

Mr. BENTON. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. BENTON. Does not the distinguished chairman of the committee agree that most of the present exemptions are in the law because of the fact that the businesses are already regulated or controlled in some other way or by some other agency of government, or else for reasons having to do with the freedom of the press?

Mr. MAYBANK. That is correct in the case of public utilities.

Mr. BENTON. Common carriers, public utilities, insurance companies, and so forth.

Mr. MAYBANK. But they are controlled by the States.

Mr. BENTON. Does the Senator agree that as to thousands of towns virtually the only retail establishments tend to be in the category covered by the amendment, and by accepting this amendment we would virtually remove such establishments from price control?

Mr. MAYBANK. The Senator from Minnesota is the judge of that. I do not want to be in the position of helping to defeat any amendment in the case of small-business men or farmers, but there are many communities in my State in which a store might be open only once a week. I am referring to rural stores.

Mr. BENTON. Why should the small retailer be given exemptions which are not given to small manufacturers?

Mr. MAYBANK. Let me say that I have the greatest respect for the Senator from South Dakota [Mr. CASE], who proposes this amendment, but we did not hear testimony for or against it. If the Senator wants the amendment adopted, it is satisfactory to me. So far as I am concerned, I am opposed to it.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. HUMPHREY. According to a study of retail figures, in the United States the greatest percentage of retail trade is done in stores that have less than a \$75,000-a-year business. This amendment is limited to \$50,000 a year. But let no one be fooled for a minute by any statement that it is the large chain store or mail-order house that does the bulk of retail business. I think I know something about what a small retailer goes through under the present regulations, but if he is to be exempt, you gravely weaken the entire anti-inflation program.

Mr. DIRKSEN and Mr. BENTON addressed the Chair.

Mr. MAYBANK. I yield to the Senator from Illinois.

Mr. DIRKSEN. Mr. President, let me remark, first, that an amendment of this kind, applied in the State of Illinois, embraced most of the retailers. Oddly enough, it included representatives of State Street stores in Chicago, and there seemed to be no particular objection to it, because of the accessibility of large markets of one kind or another. That, in itself, is sufficient to regulate and

keep prices at a competitive level. The emphasis ought to be not on any element of unfairness, but rather, I think, upon the fact that the amendment, if adopted, would not only remove a tremendous administrative chore, but, more than that, would relieve a great many small-business men of harassment. We went through that experience under the previous act.

Mr. MAYBANK. Who knows what business is going to make \$50,000 this year, or \$40,000 or \$60,000? What we want to do is to stop inflation. If it keeps on growing, the small-business man will be doing \$100,000 worth of business a week.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. CASE. Mr. President, the Senator from Massachusetts asked what would happen if there were a store on one side of the street doing \$40,000 worth of business and a store on the other side of the street doing \$75,000 worth of business, the first exempted, the second not. The obvious answer is that the business would go to the one who was operating under the price ceiling. If the smaller store violated the price ceilings the law would be self-executing and self-enforcing through the ancient rule of competition.

Mr. MAYBANK. The Senator from Massachusetts was speaking of the big countryside in Massachusetts.

Mr. CASE. I assume the Senator from Massachusetts was accurate in talking about his own State.

It seems to me, Mr. President, that we have here an opportunity to demonstrate that what we really want to do is to have effective price enforcement, and that we are not trying merely to pick out someone to penalize or punish, or compel to keep an extra set of books, to add someone else to his payroll, or provide a bunch of snoopers to harass the little businessmen who have to work all night to keep their books.

Some of them have said to me, "If you could just tell me in some understandable language, so that I may know where I am, how it will operate, I shall be satisfied. I do not want to break the law, but I cannot be bothered with all these things and operate just a little one-man business."

What I am trying to do is to eliminate the harassment of the small-business man who does not do more than a total of \$50,000 worth of business a year.

I hope the amendment will be adopted.

Mr. LONG. Mr. President, I move to strike out the figures "\$50,000" and substitute in lieu thereof "\$25,000."

Mr. MAYBANK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. ELLENDER in the chair). The Senator will state it.

Mr. MAYBANK. Will there be 15 minutes allotted to each side on the Long amendment?

The PRESIDING OFFICER. Yes.

Mr. MAYBANK. I wonder if I might be permitted to read a letter into the Record at this point.

Mr. LONG. I should like to make a statement about the amendment, and

then I shall be very glad to yield to the Senator from South Carolina.

Mr. President, my reason for offering the amendment is not necessarily because I desire to reduce the figure involved, but because I do not believe we should have these exemptions. I remember that in my home town during rationing there was a small store which customarily did very little in the way of selling meat, but during rationing sold half the meat which was sold in the town. That was considered to be black marketing. Nevertheless, anyone who wanted to peddle a scarce item would do so through that little store. During rationing the owner of that little store did 10 times as much business as he had done in normal peacetimes. He made an enormous profit on the business he conducted during rationing. Persons who did business with him regarded him as a black-market operator, but when they were short of meat or anything else that was hard to get, they knew there was a fellow who was willing to go to jail to make a large profit, and that they could buy from him.

Mr. President, it is my impression that if we left the exemptions as they are there would be a way in which the authorities could get at such a person as the one I have in mind, who was a black marketeer, taking a chance on going to jail for his operations.

But with this amendment there would be no way the authorities could get at such a merchant. He could conduct black-market operations in scarce items which, unless obtained through him, would be otherwise unobtainable. It seems to me that when we begin to provide exemptions for merchants who would not be covered by the law at all so many loopholes would result that there would be no effective way of compelling compliance. In fact, anyone who had scarce items of merchandise would be in a position where he could dispose of them through small merchants who would not be regulated. By so choosing his customers he would be exempt from effective regulation. Therefore, it seems to me that the entire amendment should be voted down.

I reserve the remainder of my time.

Mr. CASE. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from South Dakota for a question.

Mr. CASE. In the interest of economy of time, would the Senator from Louisiana consent to a limitation of time on his amendment?

Mr. LONG. I would not want to consent if it meant that the chairman of the committee would not have an opportunity to place whatever he wanted to in the Record. Does the chairman of the committee desire to make a statement for the Record?

Mr. MAYBANK. I wish to read a letter written to me by Mr. Wilson. The letter, however, is not in connection with the amendment of the Senator from Louisiana to the amendment of the Senator from South Dakota, nor in connection with the amendment of the Senator from South Carolina.

Mr. LONG. I will say that if the Senator from South Carolina wishes to com-

plete the RECORD at this time, he may do so. Otherwise, I ask that the Senator from South Dakota be given an equal amount of time to the time I have. I shall be glad to withdraw my amendment.

Mr. CASE. I wish to say that if the Senator from Louisiana is seriously proposing a compromise, perhaps he could agree on the figure of \$30,000, which would mean an average of less than \$100 for a business day. I would have no objection to such a proposal, if he wants to make it as a compromise. I understood that the Administrator has considered setting a figure of \$20,000, so as to take care of the small-business man. If the Senator from Louisiana would feel better about it, I shall ask to modify my amendment so as to make it \$30,000, which is obviously less than \$100 per business day.

The PRESIDING OFFICER. The Senator has a right to modify his amendment.

Mr. CASE. I so modify it, Mr. President, and reserve my time, and yield it back, and ask for a vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment, of the Senator from South Dakota, as modified.

Mr. LONG. Mr. President, I now withdraw my amendment, with the understanding that the Senator from South Dakota has modified his amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Dakota, as modified.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DIRKSEN. Do I understand that the Senator from South Dakota [Mr. CASE] has modified his amendment so as to make the amount \$30,000, instead of \$50,000?

Mr. CASE. Yes.

Mr. HUMPHREY. Mr. President—
The PRESIDING OFFICER. All time on the amendment has expired.

Mr. HUMPHREY. Mr. President, I move to amend the amendment by making the figure \$25,000.

Mr. MAYBANK. Now, Mr. President—

Mr. HUMPHREY. Mr. President, I am not going to talk long. I merely want to point out one of the problems involved in this kind of an amendment.

Mr. MAYBANK. I should like to have the Senator yield to me. I am opposed to his amendment. I am opposed to all amendments.

Mr. HUMPHREY. I yield to the Senator from South Carolina.

Mr. MAYBANK. I wish to say that one of the great controversies raging in connection with small business is the subject of the reports which must be made by small business. No more scathing criticisms have been leveled against the administration than those dealing with the requirements for reports to be made by small business, and the issuance of orders and regulations with which small business people say they cannot comply. All members of the committee have urged that such

reports be cut down in length. The Senate voted the other day that such reports be cut down. I proposed an amendment that orders be no longer than 10 lines, but of course such an amendment is not workable. I wish to read the letter from Charles E. Wilson which he wrote to me. It is as follows:

Thank you for your letter of June 1, 1951, concerning reports required from members of the public by the mobilization agencies. I agree wholeheartedly with your committee that these reports should be kept to a minimum.

In writing to Mr. Wilson, I spoke for members on both sides of the committee.

The Director of the Bureau of the Budget who is responsible for carrying out the provisions of the Federal Reports Act of 1942 informs me that his staff is currently reviewing each reporting and record-keeping requirements issued by Federal agencies. Based upon World War II experience special procedures for the review and clearance of data requests within each of the major mobilization agencies have been established.

Then Mr. Wilson goes on to say:

I have, however, forwarded a copy of your letter to the Acting Defense Production Administrator and the Administrator of the Economic Stabilization Agency with a statement—

I want the Senators to hear this—

of my full agreement with the principles set forth. The Director of the Bureau of the Budget joins me in assuring you—

He is speaking now to the chairman of the Committee on Banking and Currency—

in assuring you that in the review of data requests made by mobilization agencies the policy of the Federal Reports Act will be adhered to firmly with particular attention to the need for minimizing the burden on small-business enterprises.

That is what Mr. Wilson assured me. And before we come to consider the bill in conference, I intend to talk to Mr. Wilson about many things. I continue to read:

The Director of the Bureau of the Budget, I understand, proposes to inform the various mobilization agencies concerning further implementation of the Federal Reports Act and of Executive Order 10253 relating to statistical information.

Mr. President, I have great respect for Mr. Wilson, and I have great hope that after talking to him, as chairman of the committee, there will be considerable curtailment in many of the reports and other matters.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point Executive Order 10253 to which Mr. Wilson referred in the letter I have just read.

There being no objection, the order was ordered to be printed in the RECORD, as follows:

TITLE 3—THE PRESIDENT

EXECUTIVE ORDER 10253—PROVIDING FOR THE IMPROVEMENT OF THE WORK OF FEDERAL EXECUTIVE AGENCIES WITH RESPECT TO STATISTICAL INFORMATION

By virtue of the authority vested in me by section 103 of the Budget and Accounting Procedures Act of 1950 (31 U. S. C. 18b), and as President of the United States, and in order to carry out the purposes of said section, it is hereby ordered as follows:

SECTION 1. The Director of the Bureau of the Budget (hereinafter referred to as the Director) shall develop programs, and issue regulations and orders, for the improved gathering, compiling, analyzing, publishing, and disseminating of statistical information for any purpose by the various agencies in the executive branch of the Federal Government.

SEC. 2. In order to carry out the provisions of section 1 of this order, the Director shall maintain a continuing study for the improvement of the statistical work of the agencies in the executive branch of the Federal Government with a view to obtaining the maximum benefit from the funds and facilities available for such work, giving due consideration to the constantly changing character of the various needs for statistical information both within and without the Government and, where the statistical work is primarily concerned with operating programs, giving due consideration to administrative needs, statutory requirements, and the needs involved in the development of administrative and legislative recommendations. The Director, either upon his own initiative or upon the request of any such agency, shall (a) provide for the interchange of information calculated to improve statistical work, (b) make appropriate arrangements for improving statistical work involving relationships between two or more agencies, and (c) assist the agencies, by other means, to improve their statistical work.

SEC. 3. The following shall be included among the objectives sought in carrying out the provisions of section 1 hereof:

(a) To achieve an adequate program of statistical work in the agencies of the executive branch, in relation to over-all needs for statistical information including the filling of gaps and overcoming of weaknesses in presently available statistical information.

(b) To achieve the most effective use of resources available for statistical work by the agencies, in relation to over-all needs.

(c) To minimize the burden upon those furnishing statistical data needed by the various Federal agencies.

(d) To improve the reliability and timeliness of statistical information.

(e) To achieve maximum comparability among the several statistical series and studies.

(f) To improve the presentation of statistical information and of explanations regarding the sources and reliability of such information, and regarding the limitations on the uses that can appropriately be made of it.

SEC. 4. Regulations and orders issued pursuant to section 1 hereof shall be signed by the Director. When so signed, such regulations and orders shall require no further approval and shall be adhered to by all agencies in the executive branch. Any such regulation or order may pertain to a single agency, a group of agencies, or all agencies in the executive branch.

SEC. 5. In the development of programs and the preparation of regulations and orders for issuance pursuant to section 1 hereof, the Director shall consult Federal agencies whose activities will be substantially affected, and may consult non-Federal groups to the extent he finds it necessary to carry out the purposes of this order.

SEC. 6. The authority outlined in this order is in addition to and not in substitution for the existing authority of the Director, or of the Bureau of the Budget, with respect to statistical and reporting activities. To the extent, however, that this order conflicts with any previous Executive order affecting statistical or reporting activities, the provisions of this order shall control.

SEC. 7. Nothing in this Executive order shall be construed to apply to the obtaining or releasing of information by the Bureau of Internal Revenue, the Comptroller of the

Currency, the Bureau of the Public Debt, the Bureau of Accounts, and the Division of Foreign Assets Control of the Treasury Department, or to the obtaining by any Federal bank supervisory agency of reports and information from banks as provided or authorized by law and in the proper performance of such agency's functions in its supervisory capacity.

HARRY S. TRUMAN.

THE WHITE HOUSE, June 11, 1951.

[F. R. Doc. 51-6883; Filed, June 11, 1951; 3:31 p. m.]

Mr. HUMPHREY. Mr. President, I desire to say to the chairman of the committee that I think the approach he is taking is a sound one. I agree with him that the reporting is far too complicated and far too much of a burden. But I submit that the amendment which is before us does not deal with reporting. It provides exemption from price control regulation. That is another horse. That is not a matter of reporting.

Mr. President, I think anything we can write in the bill now, whether by amendment or in conference, that will reduce to a basic minimum the reporting that needs to be done would be highly desirable. I have talked to hundreds of small-business people. I have met with them in their trade associations and have heard them discuss the tremendous amount of reporting that must go to the Office of Price Stabilization. But I still say that there cannot be price control on commodities such as electrical appliances which are sold in a big store and sold in a little store, and successfully exempt the little store. The amount of reporting that must be required can be reduced, but it is not practicable, it is not workable to exempt small stores. That would promote the development of the black market.

Members of the Senate who have been in small business—and I am talking about really small business, not the \$500,000 operation, but small business—know that a manufacturer who wants to find an outlet where there is no price control will find a paradise on earth for himself—or a den of iniquity, whichever it may be termed—as the Senator from Louisiana [Mr. Long] well pointed out, for the diversion of scores of commodities into non-price-controlled markets.

This is just another way to weaken the price-control program. I have never seen the like of it. Every Member who rises on the floor has a new gadget to increase the inflationary pressure, weaken the price-control program, and give the American people a first-class rotten deal. It is about time to start thinking in terms of the general consumer.

Mr. President, it is one thing to exempt public utilities, as the chairman of the committee pointed out—

Mr. MAYBANK. That was only if the State controlled them.

Mr. HUMPHREY. That is what I wished to point out. Every exemption was in a case in which there was State or Federal regulation. But here it is proposed to exempt items which are sold in the open market. Let me give an example. Take a kodak or a film, which can be sold in a large store, or sold in the

corner grocery store, the corner hardware store, or the corner filling station. I submit that in small towns a \$30,000-a-year business is big business. It does not sound like much in Washington, but in the vast majority of towns in the United States a small-business man who does a business of \$25,000 or \$30,000 a year is doing business. He really operates a going business concern.

So this amendment is nothing more nor less than an effort to weaken the entire program. I suggest that sooner or later, after the headlines in this morning's newspaper showing that the cost of living is higher than it has ever been, we should do something to strengthen the law.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MAYBANK. We passed a law last year to freeze prices, and we are going to pass a law to keep them frozen. I do not understand why the cost of living continues to rise. We ought to stop it.

Mr. HUMPHREY. The cost of living has gone up very little since the freeze has been in effect.

Mr. McFARLAND. Yes.

Mr. HUMPHREY. Since the freeze has been in effect, it has gone up less than 1 percent. It seems to me that that is not a bad brake upon inflation.

I point out again—and then I shall yield the floor—that when we start making special exemptions, as we have been doing, particularly in the retail or wholesale field, we are opening up a box of trouble which will literally consume the whole program.

I know that the Senator from South Dakota has a very popular amendment, and I know that my remarks are not at all popular with some business people. I know that; but I also know that we cannot exempt thousands of business firms from a regulation merely because it is a small business. We cannot do it. If we are going to have price-control law in this country it must apply to rich and poor alike, big and little alike. It must apply to all areas of the country. I hope that this amendment will be defeated, as another means of demonstrating to the American people that we are not here to emasculate a law, but to improve it.

The PRESIDING OFFICER. Does the Senator insist on his amendment?

Mr. HUMPHREY. I withdraw my amendment.

Mr. CASE. Mr. President—

The PRESIDING OFFICER. The Senator from Minnesota withdraws his amendment.

Mr. CASE. There has been no time allowed in opposition to the amendment of the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from South Dakota is out of order. All time has expired.

Mr. DIRKSEN. Mr. President, can the amendment be withdrawn without unanimous consent?

Mr. HUMPHREY. Mr. President—

Mr. WHERRY. Mr. President, I should like to make a unanimous-consent request. The Senator from Minnesota

has concluded, and he has withdrawn his amendment.

Mr. HUMPHREY. Mr. President—

Mr. WHERRY. Just a moment. In view of the fact that the distinguished Senator from Minnesota made a very able argument in behalf of an amendment which was directly in contradiction to the amendment of the Senator from South Dakota, and then withdrew his amendment before the Senator from South Dakota could even respond, I ask unanimous consent that the Senator from South Dakota be allowed 5 minutes to respond to the tirade by the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, reserving the right to object, let me say that the Senator from Nebraska is apparently a little tired and unkind this evening. The Senator from Minnesota had no intention of denying his friend the Senator from South Dakota, a very able man and a fine gentleman, an opportunity to respond. Frankly, I am not so expert as is the Senator from Nebraska in parliamentary tactics. I merely withdrew my amendment in order to expedite the debate. I shall be more than happy to reinstate my amendment, because I always believe in full and fair debate.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Nebraska?

Mr. MORSE. Mr. President, reserving the right to object—and I shall not object—I merely wish to say that I think someone from this side of the aisle should point out that the Senator from Minnesota did not merely deliver himself of a tirade. I think the Senator from Minnesota delivered an exceedingly able speech, with which I should like to associate myself.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Nebraska? The Chair hears none, and the Senator from South Dakota is recognized for 5 minutes.

Mr. CASE. Mr. President, I have been endeavoring to conserve the time of the Senate this evening. At the outset of my remarks I asked that the time on the amendment be cut in half. When the Senator from Louisiana [Mr. Long] offered an amendment and took considerable time on it, I used half a minute in opposition to it. I do not expect to use all the 5 minutes which the Senate has generously accorded me, but I think I should point out that the amendment is not intended to defeat, emasculate, or injure the Price Control Administration. As a matter of fact, it is intended to improve its repute with the little people of the country.

It is not limited in its application to small towns. It would apply to the small-business man in the city of Washington who does less than \$30,000 worth of gross business a year, or less than \$100 a day gross business, out of which he pays for his goods, pays his help, pays his taxes and insurance, and all the other costs. Why ask him to try to make all the necessary reports and keep up with all the modifications and regulations?

I yield back the remainder of my time, and ask for a vote on the amendment.

Mr. CAIN. Mr. President—

The PRESIDING OFFICER. All time has expired.

Mr. CAIN. Mr. President, I wish to offer an amendment to the pending amendment, to change the figure of \$30,000 to \$50,000.

The PRESIDING OFFICER. The Senator from Washington is recognized.

PROPOSED CESSATION OF HOSTILITIES IN KOREA

Mr. CAIN. Mr. President, on behalf of the Senator from New Hampshire [Mr. BRIDGES], the Senator from Georgia [Mr. GEORGE], the Senator from New Jersey [Mr. SMITH], the Senator from California [Mr. KNOWLAND], the Senator from Maryland [Mr. O'CONNOR], and myself, I send to the desk a resolution which I ask to have appropriately referred. I further ask to have it read for the information of the Senate.

The PRESIDING OFFICER. Is there objection?

Mr. MAYBANK. Mr. President, I should like to have the resolution read.

Mr. CAIN. I have asked that the resolution be read.

The PRESIDING OFFICER. The Clerk will read the resolution.

The resolution (S. Res. 167) was read, as follows:

Resolved, That it is sense of the Senate that the policy of the United States in connection with any proposals or negotiations for a cessation of hostilities in Korea should be that the cessation of such hostilities cannot be conditioned upon present, or upon future negotiations with respect to, (1) the seating of representatives of the Communist Chinese regime in the United Nations as the delegation representing China, or (2) any change in the status of the island of Formosa which would involve any lessening of the existing control of that island by the Nationalist Government of the Republic of China.

Mr. MAYBANK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MAYBANK. Of course the Senator from Washington will understand that I am heartily in sympathy with his resolution; but I understood that this debate was to be limited, and that only germane matters concerning the bill could be brought up. Will the Chair rule?

The PRESIDING OFFICER. The Chair advises the distinguished Senator from South Carolina that the Senator from Washington has offered an amendment to the pending amendment.

Mr. MAYBANK. I understand that.

Mr. CAIN. Let me say to my distinguished friend from South Carolina that my amendment is germane to the pending amendment.

Mr. MAYBANK. In that it seeks to change the amount.

Mr. CAIN. Yes.

Mr. MAYBANK. But the Senator does not intend to discuss the resolution which he has brought up?

Mr. CAIN. The Senator from Washington has asked that the resolution, which has just been submitted, be referred to the appropriate committee.

Mr. MAYBANK. I understand that.

Mr. CAIN. The Senator from Washington wishes to devote about 5 minutes to discussing the resolution.

Mr. MAYBANK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MAYBANK. Is that in order?

The PRESIDING OFFICER. The Senator has offered an amendment—

Mr. McFARLAND. Mr. President, reserving the right to object—

Mr. CAIN. To what?

The PRESIDING OFFICER. The Senator from Washington has offered an amendment to the pending amendment. The Senator from Washington may proceed.

Mr. CAIN. I thank the Chair.

Mr. McFARLAND. Mr. President, reserving the right to object—

Mr. CAIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CAIN. May I ask to what the majority leader is objecting?

Mr. McFARLAND. I have not objected, but the resolution has been submitted, and there was a request that it be referred. I am reserving the right to object, and I wish to address myself to that question.

The PRESIDING OFFICER. There is nothing to object to.

Mr. McFARLAND. Was not a resolution submitted, and was not unanimous consent requested, that it be appropriately referred?

The PRESIDING OFFICER. The Senator from Washington asked that the resolution be referred.

Mr. McFARLAND. That had to be done by unanimous consent. I am reserving the right to object.

Mr. CAIN. I asked that the resolution be referred. I did not make any unanimous-consent request.

Mr. McFARLAND. It would take unanimous consent.

The PRESIDING OFFICER. It would take unanimous consent.

Mr. McFARLAND. I am reserving my right to object. I shall not object, Mr. President, but I should like to say that I hope Senators will confine their remarks to matters that are germane to the bill. I have no objection to speeches being made on any subject. However, we are trying to get through with the pending bill. We have stayed here all day to get through with it. If the Senate wishes to stay here all night, I will stay here, too. If Senators continue offering amendments and then withdrawing them only for the purpose of gaining additional time, it will take quite a long while to finish consideration of the bill before us. That is all I have to say. I shall not object.

Mr. CAIN. Mr. President, at the outset, I should like to say to my friend, the Senator from Arizona, the majority leader, that after the Senator from Washington has spoken for not more than 5 minutes on a resolution concerning the war in Korea, the chances are 10 to 1, or 100 to 1, because the Senator from Arizona is a patriotic American,

that he will wish to join with the Senator from Washington and other Senators in offering the resolution.

Mr. President, yesterday Russia's Jacob Malik broke his 4-day silence to declare that his Korean cease-fire proposal, which threw the world's top diplomats into a grim international guessing game, speaks for itself. The Senator from Washington read this reference to Mr. Malik in the press of this morning.

During 7 weeks of hearings, which has just been concluded by the Committee on Armed Services and the Committee on Foreign Relations, sitting jointly, in an inquiry into the military situation in the Far East, everyone of the 26 members of the two committees became convinced that our administration was unalterably opposed to admitting Red China into the United Nations and to letting Formosa fall into the hands and under the authority of an antagonistic or enemy power. The members of the two committees likewise became convinced that our administration did not intend to permit these two questions to be discussed during any conference which may be held to consider a cease-fire order or armistice in Korea.

The sole purpose of the resolution which has just been offered is to support the determination of our Government and to convince the United Nations that the Senate of the United States understands and approves of our Government's attitude.

The United Nations, sir, issued a "statement of principle" on January 13, 1951, which provides that after the cease-fire agreement had been reached with the Red Chinese, Communist China would participate afterward—and, sir, I do not believe that the majority leader believes in it, either—in a conference to decide the fate of Formosa and what government should represent China in the United Nations.

As a member of the joint committee, I have heard every spokesman for the administration disavow the United Nations statement of principle as it referred to the question of Formosa and the possibility of a seat for Red China in the United Nations.

I may say to my friend from Arizona that the adoption of the resolution which has just been offered will help to make certain that no armistice is arrived at in Korea which deals in any respect or particular with Formosa and Red China's relationship to the United Nations.

I take for granted, sir, that every Member of the Senate would oppose the question of Red China and Formosa being any part of any condition for a cease-fire order or armistice in Korea.

Mr. President, each of the 13 members of the Committee on Foreign Relations has heard the spokesmen for the administration testify, under oath, that they did not favor the questions of Red China and Formosa being considered in any conferences which might result in a cease-fire order or armistice in Korea. Every member of the Committee on Armed Services is conscious of these administration assurances.

It is, sir, for these reasons, which have been briefly, sincerely, and feelingly of—

ferred to the Senate of the United States, that I trust the Foreign Relations Committee will give immediate and favorable consideration to the resolution which the Senator from Washington has offered.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. CAIN. Certainly.

Mr. KNOWLAND. I invite the Senator's attention to the fact that yesterday, in the House of Commons, Mr. Herbert Morrison, the Foreign Secretary, among other things, said:

His Majesty's Government still believes that delegates from the Central People's Government—

Which, I say parenthetically, is the Communist Government of China—should represent China in the United Nations.

He continued by saying:

It now appears to the Government that consideration of this question should be postponed for the time being.

I quote further from the newspaper article from which I have been reading:

Mr. Morrison took a similar stand on the question of Formosa last month. He said Britain still favored turning over the Chinese Nationalist stronghold to Red China, but not until the Korean War had ended and Chinese Communists violations of the UN Charter had ceased.

Apparently, while temporarily His Majesty's Government is opposed to the admission of Red China or to the turning over of Formosa to Red China, they have not changed their views, and the implication of these statements is that once a cease-fire has been entered into in Korea His Majesty's Government may then be willing—and not only willing—to approve of the admission of Red China and the turning over of Formosa. Is the Senator familiar with that fact?

Mr. CAIN. The Senator from Washington was conscious of the observation which the Senator from California has just offered, and the Senator from Washington deeply appreciates the opportunity of being joined with the Senator from California in opposing what appears to be the wish of His Majesty's Government to admit Red China to a seat in the United Nations.

Mr. KNOWLAND. Does not the Senator from Washington believe that either now or in the immediate future, if any such proposal is agreed to, it would be nothing short of having an eastern Munich?

Mr. CAIN. The Senator from Washington not only agrees with every word of the Senator from California, but he is convinced that the majority leader likewise believes it, now that he has listened to the Senator from California. I am pleased to yield to the Senator from Arkansas.

Mr. McCLELLAN. I merely wish to remind the Senator from Washington that the Senate is already on record, by a vote of 91 to 0, that Red China should not be admitted to the United Nations. The United Nations was so advised and informed, and already knows the sentiments of this body. I

am not opposing the resolution. I certainly endorse it. I submitted the resolution which the Senate previously adopted.

Mr. CAIN. Mr. President, I appreciate the comment just made by the Senator from Arkansas. In response, let me say that the Senate has never yet expressed itself, nor has it had an opportunity to do so, with reference to these questions as they are related to the war in Korea and the possible armistice or cease-fire order which appears to be in the offing.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. CAIN. Certainly.

Mr. McCLELLAN. I do not see how any responsible representative of our Government in such negotiations could possibly consent to the admission of Red China to the United Nations without flouting the will of this body, as it has been expressed.

Mr. CAIN. I seek to have the Senate of the United States add to the sense of responsibility possessed by our administration.

Mr. MORSE. Mr. President—

Mr. CAIN. I yield to the Senator from Oregon.

Mr. MORSE. Mr. President there are two questions which I should like to ask. The Senator from Arkansas raised the point I was about to raise, except I was going to put it in these terms:

What the Senator from Washington really is proposing, is he not, is a reaffirmation of the McClellan amendment, applied specifically to the situation now existing in Korea in relation to the apparent attempts to work out some settlement of the war in Korea?

Mr. CAIN. That is entirely correct.

Mr. MORSE. If we do not hold fast to the position this body already has taken when it voted on the McClellan resolution, would we not then go counter to what all the administration's witnesses testified in the hearing was at least their view then, namely, that Red China should not be allowed to shoot its way into the United Nations, and that if we gave Red China only a temporary postponement of action on the issue of whether they should be seated, we would, in effect, be allowing them—Red China—to shoot their way into the United Nations, if after the passage of a little time we considered the issue as Morrison, of Great Britain, seems to think we should?

Mr. CAIN. The Senator from Washington and the Senator from Oregon are in complete agreement as concerns their understanding of what the administration's witnesses testified to under oath before the recent joint hearings.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. CAIN. I yield.

Mr. McCARTHY. I wonder whether the Senator recalls, as I do, that when the Senator from Georgia was examining the Secretary of State—and that was since the time when the Senate voted in favor of the resolution of the Senator from Arkansas—the Secretary of State said, in effect, "While we are not proposing turning Formosa over to

Red China, we do think the fate of Formosa should be discussed." Am I correct as to that?

Mr. CAIN. My memory is that the Secretary of State said the question of Formosa might be discussed at a future date, but my recollection is that the Secretary of State said that no consideration would be given to the Formosa question as it related to a possible armistice in Korea.

Mr. McCARTHY. Let me ask the Senator this question, then: Does he recall that on January 15, I believe it was, the State Department instructed our delegate to the United Nations to vote for a cease-fire proposal under which the fate of Formosa would be decided by a jury of four, namely, Britain, Red China, Red Russia, and the United States?

The PRESIDING OFFICER. The time of the Senator from Washington has expired.

Mr. McFARLAND. Mr. President, again reserving the right to object, I simply wish to say—

Mr. MAYBANK. Mr. President—

Mr. McFARLAND. Mr. President, I am reserving the right to object. I desire to emphasize that my remarks were not directed alone to the Senator from Washington or to any other individual Senator, but let me make it clear again that the spirit of the unanimous-consent agreement is being violated at a time when many Senators are making personal sacrifices of their health in order to remain on the floor of the Senate to expedite passage of this bill. Yet some Senators are offering amendments in which they do not believe, and which they are not trying to have adopted but simply in order to be able to make speeches, some of which are not germane to the important issue now before us.

If Senators wish to impose on their colleagues in that way, it is all right with me; but I insist that the Senate has an important bill before it, and the people of the country expect the Senate to pass this bill, which is important to the welfare of the Nation.

Let some Senators violate the unanimous-consent agreement if they will; but I say that Senators are remaining here in order to vote on this important measure; and the speech just made and many other speeches which have been made could just as well be made tomorrow or at some other day when the time available is not so limited and when the proposition before us does not require our undivided attention.

Mr. President, I shall not object.

Mr. CAIN. Mr. President—

The PRESIDING OFFICER. The time of the Senator from Washington has expired.

Mr. CAIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CAIN. May I inquire of the distinguished majority leader, the Senator from Arizona, a good friend, whether during the earlier part of today he was among those who suggested the possi-

bility of having the Senate take a recess from tonight until a week from tonight, namely, next Thursday?

Mr. McFARLAND. No, Mr. President.

Mr. CASE. Mr. President, a point of order. A parliamentary inquiry should be addressed to the Chair, and should be answered by the Chair.

The PRESIDING OFFICER. That is correct.

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from South Carolina has 15 minutes at this time; no other Senator has any time at this point.

Mr. MORSE. Mr. President, I address a parliamentary inquiry to the Chair.

The PRESIDING OFFICER. The Senator from Oregon will state it.

Mr. MORSE. I am in doubt whether the Senator from Washington has withdrawn his amendment. Can the Chair advise me as to that?

The PRESIDING OFFICER. The Senator from Washington has not withdrawn the amendment so far.

Mr. MORSE. Can the Senator from Washington withdraw the amendment at this time?

Mr. MAYBANK. Mr. President, I object.

The PRESIDING OFFICER. The Senator from Washington has a right to withdraw the amendment at this time.

Mr. CAIN. Mr. President, I withdraw my amendment.

The PRESIDENT pro tempore subsequently said: When the Senator from Washington [Mr. CAIN] submitted the resolution (S. Res. 167), it was not referred. Without objection, it will be referred to the Committee on Foreign Relations.

EXTENSION OF DEFENSE PRODUCTION, AND HOUSING AND RENT ACTS

The Senate resumed the consideration of the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Dakota, as modified. [Putting the question.]

The "noes" seem to have it.

Mr. MORSE. Mr. President, I ask for a division.

Mr. MAYBANK. Mr. President, I ask for a division.

The PRESIDING OFFICER. Senators who favor the amendment—

Mr. LONG. Mr. President, I suggest the absence of a quorum.

Mr. KERR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Alken	Byrd	Douglas
Anderson	Cain	Duff
Bennett	Capehart	Dworshak
Benton	Carlson	Eastland
Brewster	Case	Ellender
Bricker	Connally	Ferguson
Butler, Md.	Cordon	Frear
Butler, Nebr.	Dirksen	Fulbright

George	Langer
Gillette	Lehman
Green	Long
Hayden	Magnuson
Hendrickson	Malone
Hennings	Maybank
Hill	McCarran
Hoey	McCarthy
Holland	McClellan
Humphrey	McFarland
Ives	McKellar
Jenner	McMahon
Johnson, Colo.	Millikin
Johnson, Tex.	Monroney
Kefauver	Moody
Kem	Morse
Kerr	Mundt
Kilgore	Neely
Knowland	Nixon

O'Connor
O'Mahoney
Pastore
Robertson
Saltonstall
Schoeppel
Smith, Maine
Smith, N. J.
Smith, N. C.
Sparkman
Stennis
Thye
Tobey
Underwood
Wherry
Wiley
Williams
Young

Moody
Morse
Neely
Nixon
O'Connor
O'Mahoney
Pastore

Robertson
Saltonstall
Schoeppel
Smith, Maine
Smith, N. J.
Smith, N. C.
Sparkman

NOT VOTING—16

Bridges	Hunt	Smathers
Chavez	Johnston, S. C.	Taft
Clements	Lodge	Watkins
Eaton	Martin	Welker
Flanders	Murray	
Hickenlooper	Russell	

So Mr. CASE's amendment, as modified, was rejected.

Mr. DOUGLAS. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDENT pro tempore. The clerk will state the amendment offered by the Senator from Illinois.

The LEGISLATIVE CLERK. On page 2, line 13, after the word "inclusive", it is proposed to insert a comma and the following: "or (c) Eighty-eight per centum of the price prevailing just before the date of issuance of the first regulation or order establishing a ceiling price for the material or service."

Mr. DOUGLAS. Mr. President, this is a very simple amendment. It treats all commodities fairly, agricultural and nonagricultural commodities alike. It permits a roll-back up to but no more than 12 percent on any commodity beyond the price prevailing on the date at which it was first regulated.

In the case of manufactured goods it means, in general, the possibility of a roll-back up to 12 percent, but no more, in the price. In the case of beef, it means a roll-back of up to but no more than 12 percent below the level of April 30, which is the date on which the first order on beef cattle was issued, or 2 percent more than the price now in effect.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. McFARLAND. Mr. President, as I understand the amendment just proposed by the Senator from Illinois, it places every commodity in the same category as that in which the committee bill places meat.

Mr. DOUGLAS. That is correct.

Mr. McFARLAND. In other words, those who were talking about special privileges yesterday should vote for this amendment, because it merely permits the Administrator to do to other commodities what he has already done to beef and nothing more; and that is all he can do in the future.

Mr. DOUGLAS. The Senator from Arizona is 100 percent correct.

Mr. McFARLAND. If the Senator will indulge me, may I suggest that his amendment seems to me to be a compromise which we ought to accept. If we permit the roll-back of the price of beef 12 percent, we certainly should permit a similar roll-back in the prices of other commodities. Why not put all commodities into the same category? Why single out beef and permit the price to be rolled back 12 percent and prohibit absolutely any roll-back on all other commodities?

The PRESIDENT pro tempore. A quorum is present. The question is on the amendment, as modified, of the Senator from South Dakota [Mr. CASE].

Mr. LONG. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Kentucky [Mr. CLEMENTS], the Senator from Wyoming [Mr. HUNT], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

The Senator from South Carolina [Mr. JOHNSON] is absent on official committee business.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on official business, having been appointed a representative of our Government to attend the International Labor Conference being held in Geneva, Switzerland, and if present would vote "nay."

The Senator from Florida [Mr. SMATHERS] is absent because of illness.

Mr. SALTONSTALL. I announce that the Senator from Montana [Mr. ECTON], the Senator from Vermont [Mr. FLANDERS] and the Senator from Massachusetts [Mr. LODGE] are absent on official business. If present and voting, the Senator from Massachusetts [Mr. LODGE] would vote "nay."

The Senator from Pennsylvania [Mr. MARTIN] is absent because of illness.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Iowa [Mr. HICKENLOOPER], the Senator from Ohio [Mr. TAFT], the Senator from Utah [Mr. WATKINS], and the Senator from Idaho [Mr. WELKER] are detained on official business.

The result was announced—yeas 19, nays 61, as follows:

YEAS—19

Bennett	Dirksen	McCarthy
Bricker	Dworshak	Mundt
Butler, Nebr.	Ferguson	Wherry
Cain	Jenner	Wiley
Carlson	Langer	Young
Case	Malone	
Cordon	McCarran	

NAYS—61

Aiken	George	Kem
Anderson	Gillette	Kerr
Benton	Green	Kilgore
Brewster	Hayden	Knowland
Butler, Md.	Hendrickson	Lehman
Byrd	Hennings	Long
Capehart	Hill	Magnuson
Connally	Hoey	Maybank
Douglas	Holland	McClellan
Duff	Humphrey	McFarland
Eastland	Ives	McKellar
Ellender	Johnson, Colo.	McMahon
Frear	Johnson, Tex.	Millikin
Fulbright	Kefauver	Monroney

Mr. THYE. Mr. President, will the Senator yield?

Mr. McFARLAND. I am sorry, I do not have the floor. We were chastised last night and accused of asking for special privileges for meats. All we wanted to do was to have meat placed in the same category as all other commodities. The distinguished Senator from Illinois has presented a fair formula which will put all commodities on the same basis.

Mr. DOUGLAS. That is correct.

Mr. McFARLAND. If it is right for beef, it is right for manufactured goods and everything else, up and down the line. Some of the people who have raised prices could have their prices rolled back just as the price of beef has been rolled back. I should think the Senate would adopt the amendment without any discussion.

Mr. MAYBANK. Mr. President, will the Senator yield in my time?

Mr. TOBEY. Mr. President, what was the question the Senator from Arizona propounded to the Senator from Illinois?

Mr. McFARLAND. The Senator has a little time which he can yield to anyone he wants to.

Mr. DOUGLAS. Mr. President, I am delighted that the Senator from Arizona finds great merit in this amendment. It really enables us to see what is behind section 2 as reported. Section 2 was represented as being an attempt to protect beef. The amendment I am proposing provides that the price of beef cattle can be rolled back only 2 percent in addition to the roll-back already in effect. It will permit manufactured goods to be rolled back up to 12 percent although it does not require this. Now we can see whether this great enthusiasm for the American steer is really enthusiasm for the steer or an attempt to "steer" the American public, while hiding behind the manufacturers.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. DOUGLAS. I do not have much time.

Mr. President, this amendment will permit savings to be made for the American consumer. It will permit savings in those price roll-backs where the prices have advanced faster than costs to go into effect on July 2 except in those few instances where the price reduction exceeds 12 percent. There are not many of those cases, but in those cases where the reduction does exceed 12 percent, manufacturers will not be required to reduce their prices by more than this amount. It will enable several billions of dollars to be saved for the American consumer, and it will not require the price increases which otherwise would necessarily go into effect if the January distortions are to be corrected.

At the same time, it protects the beef industry from a 7 percent reduction which otherwise would have occurred, because under the 9½ percent roll-backs planned for August 1 and October 1 there would have been a 9 percent reduction, and under my amendment only a 2 percent reduction is permitted.

Mr. FREAR. Mr. President, will the Senator yield?

Mr. DOUGLAS. No; I cannot yield.

It will enable the cattle interests and the consumer interests to march together in unity.

I hope the speech of the Senator from Arizona is a happy augury of the adoption of this amendment.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. DOUGLAS. I shall be glad to yield in the time of the Senator from South Carolina [Mr. MAYBANK].

Mr. MAYBANK. No, Mr. President. I have had more requests for time than there is time available. I am opposed to the amendment, first, last, and all the time.

I shall yield to the Senator from Indiana, the Senators from Delaware, and perhaps the Senator from Georgia [Mr. GEORGE]. This amendment does not have anything to do with rolling back wages or rolling back the economy of the country. It has to do only in a way with benefiting the beef interests, as the Senator from Georgia so ably stated last night.

I now yield to the Senator from Indiana.

The PRESIDENT pro tempore. How much time does the Senator from South Carolina yield to the Senator from Indiana?

Mr. MAYBANK. As much as the Senator wants.

Mr. CAPEHART. I shall take 4 minutes.

The PRESIDENT pro tempore. The Senator from Indiana is recognized for 4 minutes, at his own request.

Mr. CAPEHART. Mr. President, this amendment simply undoes the vote of the Senate last night, at which time it voted 61 to 26 to permit the roll-back of January 25. The amendment permits a 12-percent roll-back. I am certain that at no time did the administration have in mind the Administrator's rolling back anyone's price as much as 12 percent.

Mr. DOUGLAS. The Senator knows it does not require a roll-back.

Mr. CAPEHART. Mr. President, I did not yield.

Of course it does not require a roll-back. Neither did the vote the Senate took last night require a roll-back. All that vote meant was that the authorities could not roll back prices below the prices on January 25, which was the date they froze all prices in the United States. The amendment now before us is purely one to circumvent what the Senate did last night. Any Senator who voted last night to deny the authorities the right to roll back prices will have to vote against the pending amendment. Otherwise he would be inconsistent. The amendment is simply a plan to get around doing what we did last night.

Mr. MOODY. Mr. President, will the Senator yield?

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. CAPEHART. I yield for a question.

Mr. SALTONSTALL. I voted for the Douglas amendment last night. I do not see how I can vote for the pending amendment, for the reason that it would roll back the price of every commodity, of every industrial product, regardless

of whether the price was right or whether it was not; it would roll the prices back 12½ percent, which would be utterly unfair.

Mr. CAPEHART. It would permit the authorities to roll the prices back 12½ percent. That is all there is to the amendment. It would not require them to roll back the prices. It would simply permit them to roll back the prices if they cared to.

Mr. President, it is simply inconceivable, of course, that prices are going to be rolled back 12 percent. If that were done, it would take away the profits anyone was making. Adoption of the pending amendment would simply undo what the Senate did last night. We were either wrong or we were right in our vote last night. If we were right last night we would still be right now if we voted against the amendment. The adoption of the amendment would undo what we did last night. If we were wrong last night we should vote for the amendment. If we were right last night we should vote against the amendment.

Mr. WILLIAMS. Mr. President, will the Senator from South Carolina yield to me?

Mr. MAYBANK. How much time does the Senator want?

Mr. WILLIAMS. I should like to have 5 minutes.

Mr. MAYBANK. I shall be glad to yield 5 minutes to the Senator from Delaware.

Mr. CAPEHART. Mr. President, I have yet a half minute left. I want to say that all the amendment would do would be to roll back the vote we took in the Senate last night.

Mr. MAYBANK. I now yield 5 minutes to the Senator from Delaware.

Mr. WILLIAMS. Mr. President, I do not altogether agree with the Senator from Indiana in his statement that a vote for the present amendment would roll back the vote of last night. As I see it, about all the present amendment would accomplish would be to give the Senator from Illinois a chance to make a political speech. The fact of the matter is, as I pointed out on the floor 3 days ago, that the agricultural prices cannot possibly be rolled back 12 percent unless the price-support program is suspended, or unless the Secretary of Agriculture is going to be put in jail as a black-market operator. The Senator from Illinois knows that. He never stood on the Senate floor to dispute it. Mathematically, what he proposes cannot be done. If we force back prices, the Secretary of Agriculture must violate the price-support program in order to support the basic commodities at 90 percent because another section which he does not propose to strike out refers to the minimum ceilings of 100 percent parity. A roll-back of 12 percent from 100 percent is not possible unless the other section is repealed.

The Senator from Illinois stood on the floor of the Senate day before yesterday and voted for a continuation of the food-destruction plan in this country, whereby this Government would continue buying agricultural products and destroying them to push prices higher. Now, he stands making a political speech in which

he pities the housewife. I have no patience with any such hypocrisy. Today's high food prices are the direct responsibility of the Senator from Illinois and the administration he is supporting.

Mr. President, this afternoon there came over the news ticker a statement that the New Deal food destruction program has cost the American taxpayers \$627,721,359 since the war broke out in Korea last June. The Senator from Illinois stands on the floor of the Senate tonight and is ashamed to defend that program. He has not defended it, but he voted for it. The list of commodities upon which these losses have been sustained are eggs, butter, wheat, bread, beef, all the products for which the Senator from Illinois is now standing on the floor expressing pity for the housewife. Yet he voted to continue to destroy or give away this \$627,000,000 worth of food last year. Such destruction is still going on tonight and only yesterday the Senator from Illinois voted for a continuation of that same program another 12 months.

Mr. MOODY. Mr. President, will the Senator yield?

Mr. WILLIAMS. I say the amendment is simply offered for the purpose of giving the Senator from Illinois and the Senator from Michigan a chance to make another political speech. In conclusion I point out that this \$627,000,000 loss on agricultural commodities during the past 12 months represents nearly \$2,000,000 per day or over \$80,000 per hour. Think of it while the Senator from Illinois and other New Deal bureaucrats shed their crocodile tears for the American housewives. They are destroying or exporting on this give-away program good food products at the rate of \$80,000 per hour or over \$50,000,000 per month.

Mr. MOODY. Mr. President will the Senator from Delaware yield?

Mr. WILLIAMS. I am through after I read a partial list of last year's losses—milk, \$156,112,083; eggs, \$98,442,634; potatoes, \$74,323,315; corn, \$74,144,119; grain sorghum, \$68,664,933; flaxseed and linseed oil, \$50,537,056; peanuts, \$33,680,600; wheat, \$32,486,183, and many others too numerous to mention.

Now after giving away for export or destroying these commodities they are standing here pleading for price controls on the same products. It just does not make sense especially when we consider that the same group who are tonight expressing this pity for the housewives, as recently as yesterday voted for a continuation of the same destructive program another 12 months.

Mr. MAYBANK. Mr. President, I now yield 2 minutes to the junior Senator from Delaware.

Mr. FREAR. Mr. President, I wish to ask several questions of the Senator from Illinois.

Mr. DOUGLAS. Not in the time of the Senator from South Carolina.

Mr. FREAR. No; in my own time. The Senator from Illinois in his amendment proposes a roll-back of 12 percent. Cannot the Office of Price Stabil-

ization roll back prices in excess of 12 percent?

Mr. DOUGLAS. No; it cannot.

Mr. FREAR. Why can it not?

Mr. DOUGLAS. It cannot because the price decrease cannot be more than 12 percent below what it was at the time the first regulation was issued.

Mr. FREAR. On the basis of what regulation is that?

Mr. DOUGLAS. In the case of beef, April 30. In the case of manufactured goods, it is the date of the general price freeze, January 25.

Mr. FREAR. I should like to inquire of the Senator whether that is the law today, or is that the proposed law?

Mr. DOUGLAS. Well, that is the limit so far as my amendment is concerned. So far as the present law is concerned they can decrease prices more than 12 percent. My amendment simply provides that the roll-back cannot exceed 12 percent.

Mr. President, I want to correct a statement made by the Senator from Massachusetts.

Mr. FREAR. Not in my time, Mr. President.

I should like to ask the Senator from Illinois one other question. I did not get the answer I wanted from him. The Senators' amendment has nothing to do with wages, has it? It had to do only with prices?

Mr. DOUGLAS. That is correct.

Mr. FREAR. The Senator does not desire to regulate wages in connection with the amendment?

Mr. DOUGLAS. The present section does not include wages. Why should I take in wider ground than the section which my amendment would amend, which only has to do with standards for setting price ceilings?

Mr. FREAR. Why not?

Mr. DOUGLAS. The answer is: Why?

The PRESIDING OFFICER. The time of the junior Senator from Delaware has expired.

Mr. MAYBANK. Mr. President, I yield 2 minutes to the Senator from Arkansas [Mr. McCLELLAN].

Mr. McCLELLAN. Mr. President, I wish to inquire of the author of the amendment if it is mandatory.

Mr. DOUGLAS. No. I am very glad the Senator asked that question. It does not require any roll-back whatsoever. It merely provides that if there is a roll-back it cannot exceed 12 percent. In many cases there may be no roll-back. In other cases, the roll-back may be 1 percent, 2 percent, 3 percent, but no more than 12 percent. And in the case of beef it cannot be more than 2 percent beyond the present price after the 10 percent roll-back.

Mr. McCLELLAN. Then it would leave the Administrator the full power, discretion, and determination as to what should be rolled back, and how much, up to 12 percent.

Mr. DOUGLAS. Up to 12 percent, but not beyond it.

Mr. McCLELLAN. In other words, it would be delegating that power to one man in America. I merely want to say

to the Senator, under those conditions I can tell him who will get hurt. It will be the American farmer.

Mr. DOUGLAS. May I point out, in reply to what the Senator from Arkansas has said, that the language added to section 2 by Senator MILLIKIN's amendment requires that prices reflect—

The PRESIDING OFFICER. The time of the Senator from Arkansas has expired.

Mr. DOUGLAS. Pardon me.

Mr. MAYBANK. Mr. President, so far as I am concerned, I would not give the Administrator the right to roll back anything once.

I now yield 2 minutes to the Senator from Alabama [Mr. SPARKMAN].

Mr. SPARKMAN. Mr. President, I should like to ask the author of the amendment a question bearing upon the statement made by the Senator from Delaware [Mr. WILLIAMS], in which he referred to farm parity and the farm-price-support program. As I interpret the amendment, it is proposed to be added to the paragraph in the bill which is subsection (4), added to section 402 (d)?

Mr. DOUGLAS. That is correct.

Mr. SPARKMAN. It does not take away in any way, does it, the provisions contained in the law today in section 402 (d), subsection (3)?

Mr. DOUGLAS. It does not.

Mr. SPARKMAN. That is the subsection that relates to agricultural prices and the relationship of parity? Is that not true?

Mr. DOUGLAS. Parity is maintained.

Mr. SPARKMAN. Parity is maintained.

Mr. DOUGLAS. Although the Senator from Delaware tried to strike it out.

Mr. SPARKMAN. The amendment does not affect in any way, does it, the provisions which are already written into the law as we have it today, relating to parity prices and farm-support prices?

Mr. DOUGLAS. It does not. It is an addition to, and in no sense a deletion of anything which is present in section 402 (d) (3), which sets forth the standards and limits for placing price ceiling on agricultural commodities.

Mr. SPARKMAN. As I understand, nothing in the Senator's proposal would enable the Administrator of Price Stabilization to roll agricultural prices back contrary to the provisions laid down in the law as it exists today.

Mr. DOUGLAS. That is correct.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. SPARKMAN. I yield.

Mr. SALTONSTALL. I have the amendment before me. It seems to me that the amendment of the Senator from Illinois entirely eliminates the first alternative—

(A) the price prevailing just before the date of issuance of the regulation or order establishing such ceiling price.

The language of the amendment is:

Or (C) 88 percent of the price prevailing just before the date of issuance of the first

regulation or order establishing a ceiling price for the material or service.

So we really have an alternative in clause (B)—

The price prevailing during the period January 25, 1951, to February 24, 1951, inclusive.

Or:

(C) Eighty-eight percent of the price prevailing just before the date of issuance of the first regulation or order establishing a ceiling price for the material or service.

Mr. SPARKMAN. I think I know the answer to the Senator's question, but I will ask the Senator from Illinois to reply.

Mr. DOUGLAS. If the price should break—

The PRESIDENT pro tempore. The Senator's time has expired. The Senator from South Carolina has 2 minutes left.

Mr. MAYBANK. Mr. President, this amendment was thrown in at the last minute. There has been no opportunity to study it. However, I have had the able assistance of Senators.

This amendment would establish a sixth floor on agricultural products. There are two in the Agricultural Administration Act. There are two in the present act, and one in the Millikin amendment. This makes the sixth. It is totally impossible to legislate on the floor of the Senate with such an amendment affecting agriculture. We would have six prices.

Mr. WHERRY. Then the Senator from Delaware is correct.

Mr. MAYBANK. Of course the Senator from Delaware is correct.

Mr. DOUGLAS. Mr. President—

Mr. MAYBANK. Mr. President, I reserve the remainder of the time.

Mr. DOUGLAS. Mr. President, how much time have I left?

The PRESIDENT pro tempore. The Senator from Illinois has 10 minutes.

Mr. DOUGLAS. I yield 5 minutes to the Senator from Wyoming.

Mr. O'MAHONEY. Mr. President, I shall not require 5 minutes. I desire only to say that it seems to me that the Senator from Illinois has offered us an amendment which should go a long way toward correcting the confusion which is quite apparent, and has been apparent for some time in the debate upon this bill.

Many of the comments which have been made are utterly aside from the merits of this amendment, it seems to me. We all know that prices are too high. We all know that because they are too high there are demands for increased wages. We know that if increased wages are granted, costs will increase, and prices will have to increase again.

As I understand, this amendment does not make any change whatsoever in the existing section 402 (d). The committee has added a fourth paragraph to section 402 (d). The Senator from Illinois would add another clause to the paragraph which was added by the committee.

The effect of this amendment is not mandatory. It merely declares that the

Price Stabilization Administration may have the power, if the necessity arises, to make roll-backs, but not to exceed 12 percent. I believe that this is a very wise amendment. It would offer an opportunity for the Price Stabilization Administration to correct inequities and to stop the continued spiraling of prices. I believe that it is in the public interest, and I shall be very happy to support it.

Mr. ANDERSON. Mr. President, will the Senator from Wyoming yield?

Mr. O'MAHONEY. I yield.

Mr. ANDERSON. Does the Senator recognize that this amendment might roll back all mineral prices 12 percent, when we are in very grave difficulty because of mineral production outside the United States?

Mr. O'MAHONEY. I think the Senator is consulting his fears, and not the realities.

Mr. ANDERSON. Would it permit a roll-back of 12 percent?

Mr. O'MAHONEY. The present law permits roll-backs. There were certain roll-backs, but this amendment provides that there shall not be a roll-back of more than 12 percent. I think it is a limitation. We must expect administrators to use a modicum of sense.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. DOUGLAS. I yield 3 minutes to the Senator from Alabama [Mr. SPARKMAN].

Mr. SPARKMAN. Mr. President, with reference to the question asked by the able Senator from New Mexico, I invite his attention to the fact that under the law as it exists today roll-backs are allowable on minerals and metals without any floor whatsoever. This would establish a floor at 88 percent. Prices could not be rolled back beyond that point, whereas today there is no level below which prices may not be rolled back.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. ANDERSON. Does the language carried in the bill as reported by the committee stop that?

Mr. SPARKMAN. It does not. It has nothing in it which would prevent it, unless it is in section 2 as modified by the Millikin amendment.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. WHERRY. Clause (A) permits the roll-back of agricultural prices below clause (B) if the Price Administrator so desires.

Mr. SPARKMAN. Clause (A) of what?

Mr. WHERRY. Of section 2.

Mr. SPARKMAN. That is a thing which we pointed out in the minority views. We pointed out that it might be possible to do that very thing. That is the reason I voted against section 2.

As a matter of fact, I think the Millikin amendment is an improvement to section 2. I think the amendment offered by the Senator from Illinois would be a further improvement. I agree with the able chairman of the committee that it is difficult to write legislation on the

floor of the Senate, but, at any rate, we would be broadening the base which would go to conference, and perhaps the conferees of the Senate and the House could devise some language which would accomplish what we are all trying to get, and that is an equitable manner in which to control prices.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. SPARKMAN. I yield.

Mr. LANGER. This is the only provision in the entire bill, is it not, to roll back the prices of machinery which the farmer must buy?

Mr. SPARKMAN. That is correct. However, I wish to stress again the point that there is not a single word in this amendment which changes the law as it exists today with reference to parity and the fixing of prices of farm products.

Mr. MAYBANK. Mr. President, how much time have I left?

The PRESIDENT pro tempore. No time at all.

Mr. DOUGLAS. Mr. President, how much time have I?

The PRESIDENT pro tempore. The Senator from Illinois has 5 minutes.

Mr. DOUGLAS. Mr. President, this is really a very simple amendment. It does not require any roll-backs. I say that with special reference to questions raised by the Senator from Massachusetts [Mr. SALTONSTALL]. The amendment merely provides that no roll-back may exceed 12 percent.

It permits a further roll-back of 2 percent on beef, but no more than 2 percent on beef, to be added to the 10 percent roll-back which has already occurred. This merely brings beef cattle prices to the level which prevailed when all other prices were frozen by the general price freeze.

It permits a roll-back on manufactured goods, which would go into effect next Monday were it not for section 2. It permits limited roll-backs, which cannot exceed 12 percent, which would save billions of dollars for the American consumer. At the same time, by giving to the Office of Price Stabilization the power to prevent excessive profits, it does not require the raising of prices where the increases have been less than normal, up to the level of what would otherwise be an excessive amount. Hence it not only permits price decreases, but it prevents price increases which will be necessary if the inequities of the January price freeze are to be ironed out. At the same time it is fair to the manufacturer, in conjunction with the Millikin amendment, because the Millikin amendment requires prices to reflect post-Korea increases in costs. This amendment only cuts into the extra-large profits of those whose prices have advanced beyond costs into extra-large profits.

I will not call this amendment Custer's Last Stand, because we all know what happened to Custer. However, it is the last chance for Congress really to protect the American consumer. It is also the first chance that the defenders of the cattle industry and the defenders of the consumers have had to vote together. I therefore hope the amendment will be agreed to.

Mr. CASE. Mr. President, I offer an amendment to the Douglas amendment.

The PRESIDENT pro tempore. The clerk will state the amendment to the amendment.

The CHIEF CLERK. It is proposed to strike out "88" and to insert in lieu thereof "90"; and in line 9, of page 2, of the bill, to strike out "the lower of."

Mr. CASE. Mr. President, one learns by sitting around, and then wishes he knew more. I assure Members of the Senate that my remarks will be germane to the amendment which I have offered, and that they will not take 15 minutes. I offer the amendment for the purpose of making a few points in connection with the amendment offered by the Senator from Illinois [Mr. DOUGLAS]. I wonder if I may have his attention. The first part of the amendment to the Douglas amendment would substitute 90 percent for 88 percent. Is it not correct to say that there is a 2 percent additional leeway for roll-backs on beef at the present time?

Mr. DOUGLAS. That is correct; under my amendment.

Mr. CASE. If there is nothing done in the present law.

Mr. DOUGLAS. If there is nothing done in the present law, there is a possibility of two 4½-percent roll-backs. So that my amendment eliminates a 7-percent reduction, which would otherwise go into effect were the present law to remain as it stands.

Mr. CASE. The suggestion of 90 percent is to permit a 10 percent roll-back, which is what has been applied to beef up to this time?

Mr. DOUGLAS. Yes.

Mr. CASE. So the Senator from Illinois suggests an additional 2-percent roll-back for beef and a possible 12-percent roll-back on other commodities, but he does not make mandatory any roll-back on anything; is that correct?

Mr. DOUGLAS. That is correct.

Mr. CASE. There is no assurance that there will be any roll-back on other commodities to balance the potential 12-percent total roll-back on beef?

Mr. DOUGLAS. That is correct.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. CASE. I yield.

Mr. CAPEHART. I think we should keep in mind that under the amendment which the Senate adopted last night no roll-back would be required. The Price Administrator would not have to make a roll-back if he did not wish to do so.

Mr. CASE. That is the point. The suggestion is made that this offers an opportunity to equalize things. Beef and cattle have already been rolled back 10 percent. Here we would preserve an opportunity for the Administrator to roll-back other things at 12 percent, but we have no guaranty that he will. We also preserve an opportunity to roll-back cattle an additional 2 percent, or a total of 12 percent, with no guaranty that there will be any roll-back on anything else.

The reason for the second part of the amendment is that as the language was reported by the committee, we have two situations: (A) or (B). The language

of the bill, as reported by the committee, reads:

After the enactment of this paragraph no ceiling price shall become effective which is below the lower of—

Then it lists (A) or (B).

Mr. DOUGLAS. Will the Senator yield for a question?

Mr. CASE. Yes.

Mr. DOUGLAS. In my time.

Mr. CASE. I yield to the Senator from Illinois.

Mr. MAYBANK. What time does the Senator from Illinois have remaining?

The PRESIDENT pro tempore. He has no time remaining.

Mr. MAYBANK. I shall be glad to yield him some time. Before I do so I ask for a ye-a-and-nay vote on the amendment offered by the Senator from South Dakota [Mr. CASE] to the amendment of the Senator from Illinois [Mr. DOUGLAS] if he desires to have a ye-a-and-nay vote.

Mr. CASE. I do not care to have a ye-a-and-nay vote. Does the Senator from Illinois wish to ask me a question?

Mr. DOUGLAS. Yes. Speaking for myself, I am perfectly willing to accept the substitution of 90 percent for 88 percent, so that it would be only a 10-percent roll-back on manufactured goods, and a total roll-back of 10 percent on beef. I am ready to accept the modification.

However, the Senator from South Dakota also has a provision that in line 9 the term "the lower of" should be eliminated. As to that portion of the proposed amendment, I make a point of order. It is not an amendment to my amendment, but an amendment to the original text of the bill. Therefore, it would be out of order. I should like to ask the Senator from South Dakota, if we substitute 90 percent for 88 percent, whether he would support our amendment.

Mr. CASE. I may say to the Senator from Illinois, first, that he is much closer to the schoolroom than I. My suggestion to delete the words "the lower of" was made because the bill was dealing with (A) or (B). It is in the alternative. We are using the comparative sense. When we add a (C) it seems to me that the term should be "the lowest of" or the comparative phrase should be eliminated, as I have suggested.

Mr. DOUGLAS. If the Senator wishes to substitute "lowest" for "lower", it is perfectly agreeable to me.

Mr. CASE. Does the Senator from Illinois accept both parts of my amendment? It is an integral proposition as far as I am concerned.

Mr. DOUGLAS. I will accept the first part. If the Senator from South Dakota wishes to substitute the term "lowest" for "lower", I will accept that change. However, if the suggestion is merely to eliminate "lower" without a substitution being made, I shall make the point of order that it is an amendment to the text of the bill and not an amendment to my amendment.

Mr. UNDERWOOD. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from South Dakota modify his amendment?

Mr. CASE. I shall in my own time. I make a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. CASE. My parliamentary inquiry is whether an amendment which would amend a portion of the bill before the Senate is not of itself an amendment of the bill, and that an amendment of that amendment would not change its status if it deals with the same paragraph?

The PRESIDENT pro tempore. The Chair will state that it is possible to amend only matter treated by the amendment offered by the Senator from Illinois. The Senator from South Dakota has the right to modify his amendment, if he desires to do so, in order to accord with what he said.

Mr. CASE. If the second part of the amendment is out of order, I am willing to withdraw it. Do I understand that the Senator from Illinois wishes to modify his amendment?

Mr. MAYBANK. Mr. President—

Mr. CASE. May I first yield to the Senator from Delaware?

Mr. MAYBANK. Did I understand the Senator to say that he withdrew his amendment?

Mr. CASE. In view of the fact that the Senator from Illinois accepts part of it and that the second part of my amendment apparently is out of order, I am willing to withdraw it. Before doing so, I wish to yield to the Senator from Delaware.

Mr. WILLIAMS. The Senator from South Dakota proposes to make the figure 90 percent?

Mr. CASE. Yes.

Mr. WILLIAMS. I wish to invite the attention of the Senate to the fact that one section of the bill suggests that the price administrator freeze agricultural products at 100 percent of parity. Another section says the Secretary of Agriculture must support them at 90 percent. Now by modifying the Douglas amendment to make it read allowing a roll-back to only 90 percent there would be removed the mathematical difference which could not be arrived at. So the amendment would make it mathematically workable. However, it would make the Secretary of Agriculture the sole buyer of all agricultural products in the United States and the sole seller of all agricultural products in the United States. They would have to be both purchased and sold at a flat 90 percent if the amendment is agreed to and a roll-back is applied. If a roll-back is not going through, and the Senator from Illinois says it may not, then we are just dealing with wind, and it does not mean anything.

Mr. CASE. Mr. President, I concede the point of order as to the second part of the amendment. I withdraw it, in view of the statement made by the Senator from Illinois.

Mr. MAYBANK. The Senator from South Dakota withdraws the latter part of the amendment?

Mr. CASE. Yes.

Mr. MAYBANK. Do I have 15 minutes?

The PRESIDENT pro tempore. The Senator has 15 minutes on the pending amendment to the amendment.

Mr. CASE. If the chairman of the committee desires to take some time I shall withhold my withdrawal to preserve the time.

Mr. DOUGLAS. Since I have accepted the first part of the amendment of the Senator from South Dakota and he has withdrawn the second part, I suggest that there is no amendment before the Senate except my amendment.

Mr. MAYBANK. A parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. MAYBANK. If the Senator from South Dakota has withdrawn the latter part of his amendment, I still have 15 minutes, have I not? I was told that I had 15 minutes.

The PRESIDENT pro tempore. The Chair is advised by the Parliamentarian that when the Senator from Illinois accepted the modifying amendment it closed the debate on that question.

Mr. MAYBANK. Mr. President, I offer and send to the desk an amendment to the modified amendment of the Senator from Illinois, namely, to strike out "90 percent" and insert "92 percent."

The PRESIDENT pro tempore. The Senator from South Carolina is recognized for 15 minutes, to speak on his amendment to the modified amendment of the Senator from Illinois.

Mr. MAYBANK. Mr. President, I shall not take 15 minutes. I assured the Senator from Ohio that I would yield to him a certain amount of the time I might have.

I wish only to say that we cannot legislate on the floor of the Senate. The amendment of the Senator from Illinois goes far beyond and far deeper than what many persons would think on the basis of the simple explanation given by the distinguished Senator from Illinois. The amendment has not even been studied, for it was prepared just this afternoon.

Now I yield to the Senator from Ohio.

The PRESIDENT pro tempore. The Senator from Ohio is recognized for 13 minutes.

Mr. TAFT. Mr. President, there has been a great deal of kafooster [sic] about the fact that by prohibiting roll-backs, in some way we emasculate the Price Control Act. Mr. President, roll-backs are not a necessary part of price control.

The measure we have before us, with the amendments which thus far have been agreed to, is just as strong an act as the one which lasted all during the Second World War and was unanimously recognized as an effective act. As a matter of fact, Mr. President, roll-backs are not an essential part of price control.

We passed the original Price Control Act in the spring of 1942. In effect, it prohibited roll-backs, because it based everything on the time when that measure was passed.

President Roosevelt said in the fall of 1942, "I want a general freeze." So in October of 1942 we amended the Price Control Act. That amendment fixed a new date—namely, the date when that amendment to the act was passed; and

no one could roll back anything beyond that date.

When we passed the bill last fall, we prohibited roll-backs. We fixed the date at the date of the Korean invasion and roll-backs could not be made at any time prior to that date. In addition to that, we fixed other dates.

The fact that at this time, having reached this point, we choose to prohibit roll-backs, does not constitute an impairment of the Price Control Act. It cannot be said to be in any way a serious detriment to price control.

As a matter of fact, it is generally recognized that if prices are permitted to rise, it is almost impossible to roll them back effectively.

During the Second World War there were no roll-backs, except a roll-back on the price of meat; and the only way it was possible to do that was by subsidizing the producers of meat.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. WHERRY. The subsidies never reached the producers of meat.

Mr. TAFT. The difference was subsidized.

In this case, no one is questioning the right of the administration to roll prices back from today to the 1st of February of this year, which would be a 6-month roll-back. That is as far as a roll-back could possibly be applied. Once prices are permitted to rise, all sorts of interests accumulate; people base all their business and their purchasing on the fact that prices have risen; they recognize those new prices.

If we make a roll-back, in my opinion the only way by which it can be effectively carried through in respect to at least 99 out of 100 commodities will be by subsidizing the difference.

The reason why I voted to prevent roll-backs is that I believe that once we enter upon that policy, we are gone. I believe that no administration can say to the farmers, "We are going to give you high prices," and then say to the consumers, "We are going to give you low prices," unless it also says, "We are going to charge the difference to the taxpayers." If that is done, we shall arrive at a government in which everything will be socialized and subsidized.

The British have already entered upon such a policy; they are still subsidizing food to the consumers, even though that policy was begun in Britain during the Second World War.

In our case, considering the larger number of people in this country and the high prices, we would be paying between \$5,000,000,000 and \$6,000,000,000 in subsidies today if we were following such a system.

So I am opposed to all roll-backs because I think they inevitably lead to a policy of subsidy.

Not only that, Mr. President, but, as I say, when the previous price control bills were under consideration, the administrative authorities never asked for a roll-back power as an essential part of a price control law. Some persons have wanted that power, but it has never been an essential part of an effective price control procedure.

So I think today we are very generous when we say to the administration, "You can roll prices back 6 months." As a matter of fact, I do not think that can really be done; I doubt very much that it will be found that it can be done, except in a few cases; and in those cases I think it will be found that a request for subsidy will be made. I hope we turn down all such requests for subsidies.

So, Mr. President, I think we should reject the proposal made today by the Senator from Illinois, just as we rejected a somewhat similar proposal yesterday.

Mr. MAYBANK. Mr. President, I withdraw my amendment to the modified amendment of the Senator from Illinois.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Illinois as modified.

Mr. WHERRY. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDENT pro tempore. The clerk will call the roll.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator from Illinois will state it.

Mr. DOUGLAS. I think it would be helpful for the President pro tempore to direct the clerk to read, for the benefit of the Senate, the precise wording of the amendment now before us, as it has been modified.

The PRESIDENT pro tempore. The amendment of the Senator from Illinois, as modified, will be read.

The LEGISLATIVE CLERK. As modified, the amendment submitted by Mr. DOUGLAS reads as follows:

On page 2, line 13, after the word "inclusive", insert a comma, and the following: "or (C) 90 per centum of the price prevailing just before the date of issuance of the first regulation or order establishing a ceiling price for the material or service."

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Illinois, as modified.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Wyoming [Mr. HUNT], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

The Senator from South Carolina [Mr. JOHNSTON] is absent on official committee business.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on official business, having been appointed a representative of our Government to attend the International Labor Conference being held in Geneva, Switzerland.

The Senator from Florida [Mr. SMATHERS] is absent because of illness.

I announce further that if present and voting the Senator from New Mexico [Mr. CHAVEZ] would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Montana [Mr. ECTON], the Senator from Vermont [Mr. FLANDERS], and the Senator from Massachu-

setts [Mr. LODGE] are absent on official business. If present and voting, the Senator from Massachusetts [Mr. LODGE] would vote "yea."

The Senator from Pennsylvania [Mr. MARTIN] is absent because of illness.

The Senator from Oregon [Mr. CORBON] and the Senator from Utah [Mr. WATKINS] are detained on official business.

The result was announced—yeas 26, nays 58, as follows:

YEAS—26

Anderson	Ives	Morse
Benton	Johnson, Tex.	Neely
Douglas	Kefauver	O'Connor
Fulbright	Kilgore	O'Mahoney
Green	Lehman	Pastore
Hayden	Magnuson	Smith, Maine
Hennings	McFarland	Sparkman
Hill	McMahon	Tobey
Humphrey	Moody	

NAYS—58

Alken	Frear	Millikin
Bennett	George	Monroney
Brewster	Gillette	Mundt
Bricker	Hendrickson	Nixon
Bridges	Hickenlooper	Robertson
Butler, Md.	Hoey	Saltonstall
Butler, Nebr.	Holland	Schoepfel
Byrd	Jenner	Smith, N. J.
Cain	Johnson, Colo.	Smith, N. C.
Capehart	Kem	Stennis
Carlson	Kerr	Taft
Case	Knowland	Thye
Clements	Langer	Underwood
Connally	Long	Welker
Dirksen	Malone	Wherry
Duff	Maybank	Wiley
Dworshak	McCarran	Williams
Eastland	McCarthy	Young
Ellender	McClellan	
Ferguson	McKellar	

NOT VOTING—12

Chavez	Hunt	Murray
Cordon	Johnston, S. C.	Russell
Ecton	Lodge	Smathers
Flanders	Martin	Watkins

So Mr. DOUGLAS' amendment, as modified, was rejected.

Mr. DOUGLAS. Mr. President, at the request of the able city council housing committee chairman for the city of Chicago, Alderman Robert Merriam, I ask unanimous consent to have inserted in the body of the RECORD a message he has just sent to me concerning the proposal in the pending bill to decontrol Chicago residential hotels and place them on the same footing as similar accommodations in other cities. While the evidence of a high vacancy rate which was presented seemed to me to justify, if not require, the action of the committee, I am glad to make a matter of record the serious concern which Alderman Merriam feels over the proposed action of the Congress.

There being no objection, the message was ordered to be printed in the RECORD, as follows:

Hon. PAUL H. DOUGLAS,
United States Senate,
Washington, D. C.:

Our analysis of proposed defense-production and rent-control law which has just been received here indicates that rent decontrol of residential hotel units in Chicago will remove approximately 100,000 units from control or nearly one-tenth of all controlled rental units in the city. While we understand there is testimony in the hearings as to a high vacancy rate in these residential hotel units, we believe that the vacancy rate can only reach the alleged 13 percent if sleeping rooms without kitchen facilities or other decontrolled units are included in the total. According to our in-

formation, the vacancy rate in the controlled permanent residential units with kitchen facilities in hotels is much lower, and we are concerned that decontrol may result in rental increases that will cause serious hardships for a big section of Chicago's population. We hope that a formula may be found that will allow the type of units where the vacancy rate is actually high to be treated separately in any decontrol, but which will retain the protections of rent control for the tens of thousands of Chicago tenants in residential hotel units of the type where the vacancy rate is very low. If rent control is to be continued, certainly it should be retained on an equitable basis affecting all permanent rental residences in the city.

ROBERT MERRIAM.

The PRESIDENT pro tempore. The bill is open to further amendment.

Mr. BENTON. Mr. President, I call up my amendment B.

The PRESIDENT pro tempore. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 3, between lines 4 and 5, it is proposed to insert the following:

PLANT CONSTRUCTION AUTHORITY

SEC. 5. Section 303 (d) of the Defense Production Act of 1950 is amended to read as follows:

"(d) When in his judgment it will aid the national defense, the President is authorized (1) to acquire by purchase, donation, condemnation, or other means of transfer any real property, including facilities, or other interests therein, and to erect and construct plants, factories, and other industrial facilities for the purposes of manufacturing, producing, and processing materials necessary to the national defense and to engage in the marketing, transportation, and storage of such materials; (2) to install additional equipment, facilities, and processes in, and to construct additions and improvement to, plants, factories, and other industrial facilities owned by the United States Government; (3) to operate, lease, license, or otherwise arrange for the use by others of such plants, factories, and industrial facilities; and (4) to install Government-owned equipment, facilities, and processes in plants, factories, and other industrial facilities owned by private persons. To the fullest extent the President deems practicable, a fair charge shall be made for the use by others of Government-owned property, facilities, and processes under the authority of this subsection, in order to reimburse the Government for the cost incurred by it."

Change succeeding section numbers to conform.

Mr. BENTON. Mr. President, this amendment should prove of particular interest to those Senators who supported the amendment of the Senator from Wyoming [Mr. O'MAHONEY] last night, which I so vigorously opposed, and which was overwhelmingly defeated by the Senate. This amendment proposes giving authority to the President to build defense plants, and I believe it is fair to say that experience in the late war has shown that many States which do not claim to be industrial States do not suffer per capitawise, percentagewise, or proportionately from such a program when and if undertaken by the Federal Government.

Hearings were held on this amendment. It is one of the major recommendations of Mr. Charles Wilson and his associates. I agree that it is essential and indeed imperative for them to

have this authority, if they are to achieve the expansion of productive resources which is essential to the great effort in which the country is now engaged, and to do it most efficiently and economically. My cosponsors and I have offered the amendment in order to help insure this necessary expansion of our industrial capacity along soundest and most constructive lines.

All the amendment proposes is to permit the Government to build plants. First, it permits such building of plants in those instances where private enterprise cannot build the facilities with any hope of using them successfully under peacetime conditions; and there are many such instances. Many such plants, I may say, would seemingly be in the very States of the Senators who, last night, were most vigorous in support of the amendment of the Senator from Wyoming. Secondly, this amendment would permit such building when it is deemed more economical or more productive for the Government to undertake the construction than to try to induce private corporations to do so, under the present restricted program.

This amendment authorizes the Government to build plants in exactly the same way that the old Defense Plant Corporation did during the last war. However, it does not create a Government corporation. During the last war the Government handled some 2,000 items, ranging from the installation of machinery to the tremendous synthetic rubber plants. These plants were all built by private companies. When the war was over, most of them were sold to private companies.

The underlying goal of the Defense Production Act is of course to stabilize our complex economy while we achieve this vast expansion of America's great productive strength, within the framework, so far as is practicable, of the American system of private competitive enterprise.

To encourage private capital to expand plant capacity, the Government has now in operation programs for providing incentives for expansion in the form of Government contracts, of accelerated tax amortization, and through the use of Government-owned equipment in privately owned plants.

The amendment which I am submitting, Mr. President, gives the direct power to the President which was requested by Mr. Wilson through the establishment of a Defense Plant Corporation. Only day before yesterday I talked with Mr. Wilson in his office and discussed with him the need for this power. He told me that it would be helpful to him in his negotiations with private corporations. This seems obvious. Manifestly, he would be in better negotiating position if he has the power to build a plant, even if he never builds a single one. If his negotiations do not work out satisfactorily, he should have that power, but he should have the power in any case it will help him to work out the problem.

Mr. President, it is costly and unsound not to provide the men who are representing the American people with the

kind of authority they need as negotiators in their efforts to save money for the American taxpayers and in their efforts to get this big job done.

President Truman covered this problem in his message on the Defense Production Act. This is what he said:

Even with the existing production aids it may not be possible to obtain the supplies and equipment needed unless the Government is given the general power which was used extensively and successfully in World War II to build defense plants.

The senior Senator from Ohio [Mr. TAFT] this afternoon commented on the fact that the power in the present law is comparable to the power given the predecessors of these men during the past war. Obviously, one area where comparable power has not been given is that they do not have the power to build plants. This amendment will correct this.

Mr. President, this kind of authority in the last war was under the direction of Mr. Jesse Jones, who is known to so many of us. Many of my colleagues here to-night know I had the great privilege of being closely associated with Secretary of Commerce Jones during the period when he was exercising this power. It was during 1942, 1943, 1944, and 1945 that I served as vice chairman of the Committee for Economic Development, by his appointment.

Surely, the American enterprise system has no better friend than former Secretary of Commerce Jesse Jones. Yet Mr. Jones found it necessary in the last war to authorize the development of 2,000 plants, and I am told they constituted roughly 76 percent of the total new construction operation in the expansion of our productive facilities.

May I suggest to this body, Mr. President, that Mr. Jones understood well that this type of activity by the Government in time of crisis can and often does work to the advantage of smaller independent businesses? In 1942, as today, only big corporations in some lines of industry may have fell in a position profitably to utilize certificates of necessity. In many lines only big corporations can feel reasonably certain they are going to be in the excess-profits brackets and thus receive the maximum advantage from the tax-saving certificates of necessity. Today a large corporation with a 100-percent certificate of necessity often thinks that it can, with reasonable certainty, hope that it will end up 5 years from now with a plant which will cost only 23 cents on the dollar. Such a certificate permits the corporation to charge off 20 percent of the cost of the plant each year to operating costs, deductible from profits, 77 percent of which would otherwise go to the Government in taxes. This charge-off of the plant over a period of 5 years leaves a corporation in the excess-profits brackets as the full owner with a saving of 77 percent of the cost of the plant. The pending tax bill as reported to the House by the Ways and Means Committee works out even better for the corporation. By increasing the excess-profits tax to 82 percent, such corporations will get the plants not at 23 cents on the dollar but at 18 cents on the dollar.

I submit that in the last war, under the kind of program authorized in the bill which we are now considering, and without the amendment which I am proposing, it is possible that only the Aluminum Corp. of America would have felt it had the incentive to build aluminum plants. However, with the Government building them, the American people, in fact, fostered competition in the aluminum industry, as these Government plants were later sold to private industry, and the Reynolds Co. and Kaiser are now operating in aluminum, and the American people are not solely dependent today upon the Aluminum Corp. for our supplies of aluminum.

With plants built by the Government and leased to private individuals to operate during the present crisis, including smaller independent companies, and then sold to private companies when the crisis is behind us, it is not only possible but certain that in many cases this procedure will prove more beneficial to our economy as a whole than by now placing our reliance so largely on certificates of necessity. Instead of making the big bigger and the rich richer, with this amendment we can end up with more vitality and more competition in our economy. I am assuming that with the authority granted by this amendment either better contracts with private industry will result or plants will be built by the Government, to be operated and later sold to private business.

It is almost certain, Mr. President, that if the Government builds plants, in many cases, we shall save money for the taxpayers. Surely at the end of the war many of these plants will bring a price higher than 23 cents or 18 cents on the dollar.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BENTON. If I may finish my statement and have any further time, I shall be glad to yield.

Mr. President, so far, in less than 6 months certificates of necessity have been issued for over \$5,000,000,000 worth of plants. This sum compares with only seven-billion-odd dollars for the entire period of World War II. This contrast will show the Senate what is happening in this tax area.

Further, sometimes not even a hundred-percent certificate may be able to induce private enterprise to do the job. I think it was Charles Wilson who referred to the possible need for a gun-powder plant in the desert, merely as an example. Plants may be located in areas where they could not compete in private enterprise.

Mr. THYE. Mr. President, will the Senator yield?

Mr. BENTON. I shall yield, first, to the Senator from Ohio, and then to the Senator from Minnesota, when I finish my statement.

Unless the Government were to furnish all the money and shoulder all the risk such plants could not be built under the present law. Of course, it is financially just as costly to the Government to furnish all the money to a private firm as it is to build the plant itself. In the latter case it would at least own the assets and have the plant.

Mr. President, we shall not, by adopting this amendment, confer any blank check upon Mr. Wilson and his associates. They must come to the Appropriations Committee to get the money to build any plants they may decide to erect. Unless their proposals are reasonably constructive, unless they are in the public interest and promise a more productive and more economical program, I am sure Congress will not underwrite the proposed defense plants with appropriations.

In addition to the Appropriations Committees reviewing all specific plant-construction programs, we have the Joint Committee on Defense Production, which would also keep a close watch on all plans and proposals.

So, Mr. President, in the interest of smaller independent business, in the interest of stimulating competition in our economy, in the interest of stimulating productivity in our war effort, and in the interest of saving money for the taxpayers, I urge upon the Senate the adoption of this recommendation which comes from Mr. Charles E. Wilson and his associates.

I am now glad to yield to the Senator from Ohio.

Mr. TAFT. Mr. President, did I understand the distinguished Senator from Connecticut to say that these plants would not be sold at 17 cents on the dollar at the end of the emergency?

Mr. BENTON. They would be sold for anything that could be gotten for them at the end of the emergency. I said they would command higher prices than 17 cents or 23 cents on the dollar.

Mr. TAFT. How long does the Senator from Connecticut think this emergency is going to last?

Mr. BENTON. I have no better judgment on that than a large number of other Members of the Senate; indeed, I will include the entire Senate. But it is certainly the hope of all of us that it will come to an end at some time not in the too remote future; we can hope in the not indefinite future. At that time the Government will own the plant and of course will expect to dispose of the plant to a private corporation or to a private citizen.

Mr. TAFT. My recollection is that one of the generals testified that this emergency might easily last for 20 years. I only suggest the difference to the Senator of the building of a plant for war purposes that we can dispose of immediately, and setting up a Government operation which may well last for 20 or 30 years, as a permanent ownership by the Government of plants connected with a war effort. There is a difference between the situation in the world war and the situation today.

Mr. BENTON. No man can now tell what will happen to the economy of the country if this emergency lasts for 20 years. I submit that the disposal of defense plants built by the Government would be one of the more minor, relatively inconsequential aspects of the impact on the economy after or during 20 years of this crisis. Private companies would be operating these plants. Who else is there to operate them? Who else wants to? How else could they be operated except by private individuals or

private companies, as they were in the last war? After the last war they were sold to private individuals. Who else would want to buy them at any future time, and who else would want to operate them?

I now yield to the Senator from Minnesota [Mr. THYE].

Mr. THYE. Mr. President, the question I had in mind was propounded by the senior Senator from Ohio.

Mr. BENTON. If I had prophetic foresight, and I knew that this emergency were going to last for 20 years, I would present further arguments of a very different character and even more powerful, in my judgment, for the Government construction and ownership of plants. If we are looking ahead to any such period as 20 years of crisis, it is even more imperative to give this authority to the Government so that we can expand our productive facilities rapidly and efficiently and economically, and build ourselves into a position of strength.

The PRESIDENT pro tempore. The time of the Senator from Connecticut has expired.

Mr. GEORGE. Mr. President, I wish to make a statement.

Mr. MAYBANK. Mr. President, do I have 15 minutes left?

The PRESIDENT pro tempore. Yes; if the Senator is opposed to the amendment, he has control of 15 minutes.

Mr. MAYBANK. Mr. President, the situation is this: The amendment came before the Committee on Banking and Currency, but we did not have hearings on it. Other amendments came before the Committee on Banking and Currency and we did not have hearings on them. As chairman of the committee I cannot very well be for an amendment on which we did not have full and thorough hearings. I will take the instructions of the Senate and do whatever the Senate says should be done, because the committee is only an agent of the Senate.

I know what the amendment will do if agreed to, so I think it will have to be changed or rewritten.

For long weeks I sat in hearings in the Committee on Banking and Currency, but we did not have a chance to hear discussion on the amendment of the Senator from Connecticut, nor did we have a chance to hear from the Senator from Alabama, for whom I have as much admiration as for any Member on this floor. The reason for that was that other committee hearings were going on.

Mr. BENTON. Mr. President, will the Senator yield?

Mr. MAYBANK. I shall yield when I finish my statement.

I appointed a subcommittee consisting of the Senator from Alabama [Mr. SPARKMAN] as chairman, the Senator from Connecticut [Mr. BENTON], the Senator from Michigan [Mr. MOODY], and I left it to the Senator from Indiana [Mr. CAPEHART], the ranking Republican member of the committee, to choose the other two members. He chose the Senator from Ohio [Mr. BRICKER] and the Senator from Kansas [Mr. SCHOEPP].

He himself did not desire to serve, nor did I desire to serve.

I believe we must do something to disassociate ourselves from certificates of necessity such as have been granted. I understand hearings are going to be held on that subject commencing on Monday, so we can find the facts about such certificates.

When the amendment was presented perhaps I was not as attentive to it as I should have been, because I had very much to do otherwise in connection with the bill. But Mr. Lindsay Warren wrote a letter in opposition to Government corporations, and witnesses representing the Navy and the Army came before the committee and said that certain things had to be changed.

I understand an amendment is to be offered tonight making such changes. The public, however, has not been heard on the subject. I do not know how much the proposal will cost.

Mr. President, I was familiar with the smaller war plants during the last war. I was a member of the committee which dealt with the smaller war plants. The then Senator Wagner appointed a subcommittee to deal with that subject. Consisting of the Senator from Louisiana [Mr. ELLENDER] and the Senator from Ohio [Mr. TAFT]. I was a member of that committee. I am familiar with the Defense Plant Corporation and the various individuals who operated it.

Mr. President, I shall vote on the subject of the smaller war plants after we have had hearings on the subject. But I shall not vote for them until we have had hearings. I say that in no disrespect to the Senator from Connecticut, who probably has a good idea on the subject.

Mr. BENTON. Mr. President, may I clarify a point?

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Connecticut?

Mr. MAYBANK. Yes.

Mr. BENTON. The amendment I and those associated with me have offered is exactly the language of the bill brought to the committee by Mr. Wilson on which we heard testimony, with this exception—

Mr. MAYBANK. The Banking and Currency Committee did not hear testimony.

Mr. BENTON. Mr. Wilson testified on this exact language before the Banking and Currency Committee. The bill as brought to the committee by Mr. Wilson favored a defense plant corporation, and the exact language of this amendment was included in that bill. The only change in the amendment is that, instead of giving authority to a defense plant corporation this amendment gives the authority directly to the President. We eliminated the Defense Plant Corporation, but otherwise the language is identical with that on which Mr. Wilson testified.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. MAYBANK. I am glad to yield to the Senator from Georgia.

Mr. GEORGE. I should like to have a word to say about this matter, and if the

Senator will yield me 2 or 3 minutes I shall make my statement in my own time.

Mr. MAYBANK. Mr. President, how much time do I have left?

The PRESIDING OFFICER. The Senator has 10 minutes remaining.

Mr. MAYBANK. I yield 3 minutes to the Senator from Georgia, after which I yield 5 minutes to the Senator from Indiana [Mr. CAPEHART].

Mr. GEORGE. Mr. President, since I have 3 minutes I wish to make a statement. The Secretary of the Treasury of the United States testified before the Finance Committee this morning. He stated that we have a surplus in the Treasury as of this date of \$4,312,000,000 and will have a surplus of only \$1,000,000,000 less than that when the heavy expenditures for interest and veterans have been made on the last hour of this calendar year, and he accounted for it primarily by the fact that they had overestimated the expenditures based on World War II because private industry was now building the plants where private industry wanted to put them, and not where politicians wished to put them, and that the Government had not been called upon to pay for those plants.

Mr. President, if there has been any error made in the amortization provisions of the law which we passed, it has been due to its administration, not to the Congress, because under that law those charged with its execution do not have to grant certificates unless they approve them.

Under that law they do not have to grant certificates for 100 percent. If they think that the plant will have 50-percent peacetime value they can grant only a 50-percent amortization. So there is nothing wrong with the law. Every word of criticism is an outright condemnation of the President of the United States and his administrators who have been in charge of the execution of this law.

Today the Secretary of the Treasury stated that the only reason why we have a surplus, when it was estimated that we would have practically a deficit, was that private industry had done the job. If we adopt this amendment we shall have taken a long step toward socialism, toward the socialized state, because that is the motivating influence behind all amendments of this kind—to put the Government in business, to build plants, to spend the taxpayers' money, and impoverish the taxpayers to the point where they can do nothing else but travel the road down which the British have gone.

As for myself, Mr. President, I will not follow that road.

Mr. MAYBANK. Mr. President, I yield to the Senator from Indiana [Mr. CAPEHART].

Mr. CAPEHART. Mr. President, how much time remains?

The PRESIDENT pro tempore. What time does the Senator from South Carolina yield?

Mr. MAYBANK. I do not know how much time I have left.

The PRESIDENT pro tempore. The Senator from South Carolina has 6 minutes.

Mr. MAYBANK. I do not desire to say anything further, except that I am opposed to the amendment without hearings.

Mr. CAPEHART. Mr. President, I shall take 2 minutes, or perhaps only 1 minute, and leave 4 or 5 minutes for the able Senator from South Dakota [Mr. MUNDT].

I think there are some plants which possibly the Government should build, but I think this is the wrong way to legislate. The Senate Banking and Currency Committee has already arranged to begin hearings on such legislation on next Monday. In my opinion, we are wasting our time discussing this sort of thing, because I think it has no place in this legislation. I think it ought to be in a separate bill.

There may be some plants, such as powder plants, which cannot possibly be used for civilian goods, which plants the Government ought to build and own. But the plants ought to be specifically listed. We ought to know where they are going to be placed. We ought to know what they are going to cost, rather than give a blank check or blanket approval for the administration to build defense plants in any places they may care to build them, in any State of the Union.

I wish to be fair, and I think all other Senators wish to be fair. I am certain that the able Senator from Georgia understands that there may be some plants making war materials which ought to be built and owned by the Government.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. GEORGE. The power now exists to build such plants under existing law. Additional power is not needed.

Mr. CAPEHART. If that is true, it will come out in our hearings, which begin on Monday.

Mr. MUNDT. Mr. President, how much time remains for the opposition?

Mr. MAYBANK. Mr. President, I hope the Senator will not take more than 1 minute, because I think I have only 2 minutes left.

The PRESIDENT pro tempore. The Senator from South Dakota is recognized for 1 minute.

Mr. MUNDT. Mr. President, I offer an amendment. I move to strike out—

The PRESIDENT pro tempore. Does the Senator from South Carolina yield time for that purpose?

Mr. MAYBANK. The Senator from South Carolina does not yield time for that purpose. The Senator from South Carolina yielded time to oppose the amendment of the Senator from Connecticut [Mr. BENTON], but not to offer an amendment.

Mr. MUNDT. Very well. I shall offer my amendment in my own time.

Mr. MAYBANK. Mr. President, the Senator can do it anyway, so the Senator from South Carolina may as well yield. I know the parliamentary situation much better than some may think.

Mr. MUNDT. Mr. President, I did not understand, because of the confusion, how much time remains.

The PRESIDENT pro tempore. The Senator has 1 minute.

Mr. MUNDT. The Senator from South Dakota has an amendment which he will offer at the end of the time already allocated.

Mr. BRICKER. Mr. President, will the Senator yield 1 minute to me?

Mr. MAYBANK. I am happy to yield to the Senator from Ohio, but not to offer an amendment.

Mr. BRICKER. I do not intend to offer an amendment. I merely wish to emphasize what the Senator from Georgia [Mr. GEORGE] has said, as proved by the witnesses at the hearing.

The certificates of convenience and necessity for increased or accelerated amortization authorized by the Committee on Finance have been working practically, and industry has responded magnificently. That was the testimony of every witness before the committee in the hearings on this bill. Not one witness, including Mr. Wilson, said that this authority was needed at this time. The most he said was that we need it as a club over private business, which has already magnificently responded to the needs of the production program.

SEVERAL SENATORS. Vote! Vote!

Mr. MUNDT. Mr. President, I offer an amendment to the Benton amendment.

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

Mr. MUNDT. I assure the Senate that, given reasonable attention, I shall not take more than 5 minutes to explain my amendment.

In lines 4 and 5 of the Benton amendment I move to strike out the words "national defense" and insert in lieu thereof the words "destruction of private enterprise in America."

Mr. President, with that amendment the amendment of the Senator from Connecticut would read as follows:

When in his judgment it will aid the destruction of private enterprise in America, the President is authorized—

To carry out the three steps enumerated by the authors of the amendment.

In that connection, it required the British Empire and the British Government 5 years to nationalize nine of Britain's major industries. We are asked tonight to nationalize all the major enterprises in the private economy of this country in approximately 50 minutes. The authors of this amendment tell us piously that all they are seeking to do is simply to build a certain number of defense plants which will be operated by private industry. Certainly we are at least entitled, in the 50 minutes given us to determine whether or not we are going to socialize America, to read the language of this ingenious piece of legislation.

It is provided in line 6 of the Benton amendment that condemnation is one of the procedures by which it is proposed to separate private owners of America from their property. The amendment pro-

vides, among other things, that the President shall have the power to condemn real property. So Senators voting for this amendment—and I certainly hope we shall have a yea-and-nay vote, because I think it is time that we in America decide whether we are for private enterprise or socialism—should bear that fact in mind. This is as good a place and time as any I know of to take a straw vote on that question.

Among the other things which the authors of this amendment would socialize, in line 7 we find "real property." That means the farms, the ranches, and the oil fields of America. That means the mines and businesses, because when we say "real property" we include tangible real-estate property as well as other property.

It is all very well to say that after the Government condemns property and appropriates it and takes it away from the private individual and operates it under the same kind of totalitarian socialism which the Russians are employing in Moscow, it will then turn it back to private industry to operate. Whoever wrote the language of this amendment, however, knew better than that, because I submit that on page 2, line 6, the first word that meets the eye is the word "operate."

In other words, the amendment proposes to permit the politicians in Washington not only to condemn and appropriate private property, but to operate it, the way Socialists operate private property all over the world.

If indeed—and I doubt it very much—Charley Wilson of General Electric, wants to socialize America, and if he says he favors this kind of a program, all I can say is that it sounds a great deal more like Karl Marx than Charley Wilson. It would certainly indicate to me that Charley Wilson has become badly confused in the Washington fog, and that that he has started to turn his back upon the concepts by which he ascended, because Charley Wilson got to be a great American citizen while he had the power to operate, own, and run a privately owned economic enterprise according to the concept of America.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. MUNDT. In a moment I shall be happy to yield.

When the time has come that in order to win the war in Korea, or to meet the challenge of collectivism abroad, we must first adopt collectivism at home, we are certainly fair prey for any aggressor anywhere in the world. I yield to the Senator from Maine.

Mr. BREWSTER. I should like to ask the Senator whether, in justice to Mr. Wilson, who we all recognize is a very successful and sincere businessman, but who may not be so familiar with the operations of the Washington merry-go-round as others who have been in Washington much longer than he, it should occur to us that however much power we might be led to entrust to Mr. Wilson, if we are ready to do so, we must realize also that Mr. Wilson is not politically immortal, and that he may be succeeded

at any time by a man with different ideas and different designs, and that therefore in legislating we must bear that always in mind.

Mr. MUNDT. That is quite correct. I may say further that I do not know that Mr. Wilson favors the proposed legislation, because the testimony on the floor is controversial. The Senator from Connecticut indicated that he favored it, and the Senator from Ohio indicated that he did not.

Mr. BRICKER. Mr. President, will the Senator yield at that point?

Mr. MUNDT. I yield.

Mr. BRICKER. I said he testified that there was no immediate or anticipated need for such legislation, and that the only purpose it could serve was as a club over private industry, a club which he, himself, said was not needed at this time.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. MUNDT. First I wish to reply to the senior Senator from Maine. Even though I was sure that Mr. Wilson, whom I highly respect, were going to be able permanently to administer the proposed legislation, I would still oppose it. I would oppose it if Mr. Wilson were endowed with all the wisdom of Solomon and were flying around the District of Columbia on wings of the Angel Gabriel, because to support the amendment is to deny the American system which made this country great. To accept the proposed system of socialism is to deny every principle on which we are asking our boys to fight in Korea. To accept the amendment is to surrender to collectivism at home at a time when we are suffering 150,000 casualties to defeat it in Korea. That kind of supine surrender should not occur on the floor of the Senate of the United States.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. CAPEHART. I am wondering what authority we have for stating that Mr. Wilson favors the proposal.

Mr. MUNDT. The only authority which I heard was stated by the Senator from Connecticut [Mr. BENTON] when he was discussing his proposed amendment. I sincerely hope and I rather firmly believe that Mr. Charles Wilson is not going to publicly state that he favors socializing America in order to defeat socialism or communism abroad. If he says it, certainly I for one shall be seriously disillusioned and very badly disappointed.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. DIRKSEN. Within the last few weeks the dean of the law school at Notre Dame University, in a speech at Denver, said that he had conferred with a faculty member of Notre Dame University about taking some courses in a prominent American university. In going over the catalog he discovered the following:

The administration of nationalized industry.

The catalog contains this legend:

The course is a consideration of the problems of nationalized industry, particularly in the United States and Great Britain, including the process of nationalization, how it is accomplished, the organization of nationalized industry, and the relationship of nationalized industry to the state, the position of the employee in nationalized industry, price policies, managerial independence, and political responsibility.

The Senator from Georgia was not far wrong in his observations.

Mr. MUNDT. Does it indicate whether Mr. Malik or Mr. Gromyko is to be the instructor?

Mr. JENNER. Or Alger Hiss.

Mr. MUNDT. I shall withdraw my amendment, because I do not wish to sound the death knell of private industry and because I do not wish to be the partial author of legislation which, if written correctly, should say not "defend America" but rather to "destroy the private-enterprise system in America."

Mr. BENTON. Mr. President, may I ask, if the Senator is to withdraw his amendment, that he withhold withdrawing it until I have had the opportunity to reply briefly along the lines indicated by the minority leader a few moments ago.

Mr. MUNDT. The Senator from Connecticut has already had three times as much time as was permitted the Senator from South Dakota. It would not seem to him to be a fair horse trade to now trade 2 minutes of time for every 1 I have consumed.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. BRICKER. Reference has been made to the fact that the Senator does not know who testified in favor of the bill. Let me say for the information of Senators that those who appeared from the administration parroted a program which apparently had been handed to them by someone else. They gave us very little help of a constructive character. Some administration witnesses did say, "We don't know anything about certain sections of this bill." At no time was a constructive suggestion made by any of them which would help the committee. Every witness, including Mr. Wilson, said, "I am for the administration bill." That is the kind of testimony we heard, and that is the reason for the suggestion that has been made to the effect that if they had not gone along with it no doubt their heads would have been cut off, in much the same manner that some military officials lost their heads when they dared to disagree with the administration.

Mr. MUNDT. It will be a sad and shameful day in America when great enterprisers and great believers in our private-enterprise system, because of political jobs, are unwilling to testify in accordance with the concepts of their conscience.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. MUNDT. I am happy to yield.

Mr. BENNETT. For a week at least I was a member of the Committee on

Banking and Currency. Therefore I was present to hear some of the testimony of Mr. Wilson. I am speaking from memory, but it seems to me that I remember Mr. Wilson was asked by the committee how much of the bill he himself was responsible for. After telling us that there was a great deal in the bill which he rejected, I think he finally said that he had a personal interest in that phrase or clause in the original bill which suggested control of future commodity exchanges. That was the limit to which Mr. Wilson was personally interested, admitting by inference that everything else in the bill for which he was pleading had been handed to him by someone else.

Mr. MUNDT. I am quite prepared to believe it, because the senior Senator from South Dakota was a member of a committee which dealt with the first war power act, which was sent here ostensibly as the desire of Mr. Wilson. We asked him to come before our committee to testify. Mr. Wilson asked that he be excused because he said he had not yet had an opportunity to read the bill. I am quite prepared to believe that, busy as he is with other problems, it is quite possible that some clever counsel sneaked into the bill the poisons of Moscow, without Mr. Wilson having anything to do with it or having had the opportunity to think the proposals thru to their conclusions. I doubt that Mr. Wilson will ever appear before the subcommittee in support of that kind of Socialist concept.

I may say, in conclusion, that I am pleased to see that such a splendid subcommittee has been appointed to handle the resolution. I am delighted, among other things, that the Senator from Ohio [Mr. BRICKER] is a member of the committee. When hearings are held I hope to be permitted to testify, because for 15 years I have been watching the evil consequences of socialism developing and gaining controls in England and around the world. If we are going to take it here, I hope we are not going to buy it with a 50-minute sales talk. I withdraw my amendment.

Mr. LONG. Mr. President, on line 4 I move to strike the words "in his judgment."

Mr. WHERRY. A parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. WHERRY. Whose amendment is it?

The PRESIDENT pro tempore. The Senator from Louisiana proposes an amendment to the amendment offered by the Senator from Connecticut [Mr. BENTON]. The clerk will state the amendment.

The CHIEF CLERK. On page 1, line 4, of the amendment of Mr. BENTON, it is proposed to strike out the words "in his judgment."

Mr. LONG. Mr. President, I offer this amendment to the amendment submitted by the Senator from Connecticut, on behalf of himself and other Senators, only in what I regard as an attempt

to be fair to both sides in connection with this matter. The present situation is similar to the one which developed when the junior Senator from Minnesota [Mr. HUMPHREY] submitted an amendment to another amendment, and made a speech on that subject, and then withdrew the amendment he had submitted. At that time the junior Senator from Minnesota did not object to a unanimous-consent request by the distinguished minority leader which was designed to make it possible for a Senator who wished to answer that speech to be heard at that time.

Mr. WHERRY. Mr. President, will the Senator yield, to permit me to ask a question?

Mr. LONG. Mr. President, in order that the Senator who, together with other Senators, has submitted the amendment, may have an opportunity to answer the speech made against it, I have offered this amendment to the amendment, in order to give the Senator from Connecticut time to answer the last speech. Otherwise, the proponents of the amendment would have only 15 minutes, whereas the opponents would have 30 minutes.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. WHERRY. Of course, the Senator could have used the same procedure as the one previously followed, by requesting unanimous consent insofar as the Senator from Connecticut is concerned; and I would not have objected.

Mr. LONG. I saw no purpose in making such a request, when I did not have to do so under the rules.

I yield now to the Senator from Connecticut.

Mr. BENTON. Mr. President, I am very grateful to the Senator from Louisiana for the courtesy he has extended to me. I had not expected to feel called upon, after making my presentation of my amendment, for any further statement.

However, I have been so startled by some of the phrases used in the past few minutes that I would be very unhappy indeed to let them go unchallenged before we conclude our discussion in connection with this amendment.

Mr. President, I again refer to Mr. Jesse Jones, who in the last war found that the economy required the construction of over 2,000 such plants, for roughly 76 percent of the total expansion. I do not recall that distinguished Senators who were Members of the Senate at that time, and who knew the Secretary of Commerce well, then charged that Mr. Jones was a Socialist, that the procedures then followed were Socialist proposals, and that they constituted collectivism; nor do I recall the use at that time of other of the much abused words with which attempts frequently are made to smear projects of which one does not approve, by those who oppose them, instead of arguing the projects on rational grounds. This is an old trick, the use of unpleasant words, instead of rational arguments, in an attempt to discredit worth-while projects.

It so happens that over a long period of years I have been deeply concerned with the British economy. I have made countless trips to England, studying that economy. I have written articles for leading magazines, including *Life* and the *Saturday Evening Post*, about the British economy. Thus I speak on it with some background and some knowledge. I now assure my colleagues in the Senate that, in my judgment, British socialism was precipitated upon the British people, to an extent realized by very few persons, either here or abroad, by the development of collectivism in England under the aegis of British private capital and the financial city of London. Yes; British socialism was fostered by the cartels of England and the collectivism of the so-called private system of England, with no antitrust laws, no method of fostering competition. Many keen observers have decided that this is what hastened and precipitated socialism for the British economy.

If the British Government had built plants during its wars, and plenty of them, and leased them to private individuals and sold them to private individuals, there might have developed the competition which would have helped prevent the growth and development of the Socialist government in England. I do not suggest, however, that any such program is a substitute for the strong and stringent antitrust laws the British have so tragically lacked.

Mr. LONG. Mr. President, will the Senator yield at this point?

Mr. BENTON. Mr. President, I feel that I must yield to the distinguished junior Senator from Louisiana when he requests me to do so, in view of the fact that he has yielded all his time to me.

Mr. LONG. Mr. President, one of the complete monopolies in this Nation was the aluminum monopoly, when the Aluminum Co. of America had 100 percent of the production of aluminum; and that monopoly was broken by the very process the Senator from Connecticut has mentioned.

Mr. BENTON. Yes; Mr. President, we have had our own collectivism in our own economy; and if we are led to socialism, that private collectivism is likely to be the force which leads us down that road—the collectivism which increasingly develops in the great concentrations of private power in our own economy.

Mr. Jesse Jones understood that point when he developed these defense plants in the last war, and leased them and later sold them to private individuals after the war, and helped prevent the development of more and more monopoly.

Mr. President, this amendment of mine, in this time of crisis, has no taint of socialism. I decry and regret the charge and the attempt to pin the charge of socialism upon it.

Mr. MOODY. Mr. President, will the Senator yield?

Mr. BENTON. I shall yield in a few minutes when I conclude, if I then have time in which to yield.

Mr. President, I regret the charge that Mr. Charles Wilson is a dupe, that he

did not know what he was testifying and merely relayed ideas of his subordinates. He testified he spent hours in "skull practice" on these recommendations. Mr. Wilson is a great and outstanding industrialist. Yes; he did not come to the Banking Committee, and spend hours testifying there, because he is a Socialist or because he is a dupe.

Let me read from his testimony about the need this amendment is designed to fill. I shall read from his prepared testimony, and in this case I have an advantage over the Senator from Utah, because I have the testimony before me. I shall read it now:

As I have already indicated, we are relying upon private investment to provide the industrial expansion required to meet our mobilization objectives.

Of course, Mr. President, I favor relying upon private investment to the limit, until it begins to be uneconomic, until it begins to cost the taxpayers too much money, until our administrative officers are unable to get the job done. Up to that point, I favor it.

Mr. Wilson further testified as follows:

However, there are certain kinds of military production in which individuals do not wish to invest. In some instances, it is exceedingly difficult to procure the necessary facilities without making commitments which involve high cost to the Government and practically no risk to the investor. Moreover, private capital, even with the maximum incentives, is frequently unwilling or unable to locate new plants in strategic locations which necessarily involve such economic disadvantages as to make the plants useless to them under normal competitive conditions.

Mr. President, those of us who know Charley Wilson know he is no dupe. He is not going to take a recommendation of this kind blindly from a subordinate, not against his own distinguished background as a great industrialist and his own broad background of business experience.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. BENTON. Mr. President, I decline to yield until I have concluded. When I conclude, if some time still is available, I shall be glad to yield. I have already promised to yield 2 minutes to the Senator from New York [Mr. LEHMAN].

Mr. LEHMAN. Mr. President, I should like to have more than 2 minutes, if I may, or I shall submit an amendment of my own.

Mr. MAYBANK. Mr. President, how much time do I have?

The PRESIDENT pro tempore. The Senator from South Carolina has 15 minutes.

Mr. MAYBANK. Mr. President, I assure Senators that I believe in free speech. Although I regret the amount of time being taken, and although I have said that I shall vote against the amendment because it was not before the committee, yet I shall be glad to yield the time available to me.

Mr. BENTON. Mr. President, this is a strange twist because in that event the allotment of time will again be out of balance, for with the time yielded to me by the Senator from Louisiana we shall

have had 30 minutes; and my friend the Senator from New York says he will submit an amendment to the amendment, if needed; but we remain out of balance and continuously the time available to this side of the argument will keep running 15 minutes short. Therefore, I think adherence to the kind of unanimous-consent agreement suggested by the distinguished minority leader would have been better.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. BENTON. I yield.

Mr. McFARLAND. Let me say that if the present process continues, the chain will be endless. However, if the Senate wishes to proceed in that way, it is all right with me.

Mr. McMAHON. Mr. President, will the Senator yield?

Mr. BENTON. I yield.

Mr. McMAHON. I wish to say that we had better stay here all night, if necessary, and get the record straight.

Mr. BENTON. Mr. President, I say we had better stay here all night and all day tomorrow and all tomorrow night, if necessary. This battle between property rights and human rights had better be brought to the fore, so that the people of the United States can see it as it is, and as it has unfolded in the past few days.

Abraham Lincoln said there should be a proper balance between property rights and human rights. However, that balance has been entirely upset in the past few days in the course of the proceedings in this Chamber. I suggest that we had better begin to consider how to reach the proper balance between property rights and human rights. If we do not do so, and if we do not provide the methods with which to do so through our Government in the time of great crisis and danger, we shall lose the cold war. We shall lose it by losing the war of inflation. We shall lose the war from within, without having a shot fired at us by the Communists or any enemy from overseas.

Mr. President, I submit that there is nothing more important than to stay here and talk about giving men like Mr. Wilson and Mr. Eric Johnston the kind of authority they need for these tough jobs. I ran into an old friend of Mr. Eric Johnston's and mine today, and he told me how much Mr. Johnston had aged in the past 6 months. These are the toughest jobs in the world, and we have to give those who hold them real power and authority.

Mr. President, may I ask how much time I have remaining?

The PRESIDENT pro tempore. The Senator from Louisiana has the floor, and he yielded to the Senator from Connecticut.

Mr. BENTON. He yielded all of his time to me, Mr. President.

Mr. LONG. I yielded the remainder of my time to the Senator from Connecticut.

Mr. BENTON. I yield 3 minutes to the Senator from New York.

Mr. WHERRY. Mr. President, if the Senator from Louisiana will yield for a question, does he intend to withdraw

his amendment at the end of the 15 minutes?

Mr. LONG. Yes, I intend to withdraw it at the end of 15 minutes, but I shall be glad to permit the Senator from South Carolina to have whatever may remain of the 15 minutes.

Mr. BENTON. Mr. President, I yield 3 minutes to the Senator from New York.

The PRESIDENT pro tempore. The Senator from New York is recognized for 3 minutes.

Mr. LEHMAN. Mr. President, I have had a long public life. I was president of the Senate of my State for 4 years. I was governor for 10 years. I have been in the United States Senate going on 2 years. What I am about to say is not going to please my colleagues in the Senate. Yet I must say it.

I came to the Senate in the belief which I had always held that it was the greatest deliberative body in the world. I still want to believe that. But certainly what has occurred here in the last few moments and in the last few days, makes me doubt it altogether. Here we are engaged in a life-and-death struggle, a struggle for survival against the most ruthless enemy in history, fighting on two fronts, on the military and on the economic. We ought to be engaged exclusively in considering legislation to benefit all the people of the country, legislation to keep our country on a sound economic basis. Yet, here I see and hear Senator after Senator rise, not to concern himself with the issues before us, but to play politics, to blast the administration, to attack those who have given up the comfort of their home towns and circles of friends and the profits of their businesses, to come to Washington and to serve their fellow Americans. I tell you, Mr. President, it has made me heart sick to hear all this. It makes me feel that we are betraying the people who sent us down here, that we are not concerning ourselves with essential legislation, that we are not devoting ourselves to protecting the great masses of our people, but are moving to pass legislation which, far from reducing the cost of living, will inevitably increase and advance the cost of living.

I say to Senator that it is about time that we stopped that. It is about time that we stopped it, because if we do not, the people of the United States will feel that we are serving in a discredited body, a body which is not concerned with the interests of the people, not concerned with the protection of our Nation, but which is merely interested in politics, in political attacks, in seeing heads roll, no matter at what cost to the Nation. I hope, I pray—

The PRESIDENT pro tempore. The time of the Senator from New York has expired.

Mr. LEHMAN. Very well, Mr. President. I want to offer an amendment.

The PRESIDENT pro tempore. The Chair advises the Senator from New York that it is not in order at the present time.

Mr. MAYBANK. Mr. President, I may say that I have some time.

Mr. LEHMAN. Will the Senator yield me one more minute?

Mr. MAYBANK. I extend all of my time—

Mr. LEHMAN. Will the Senator yield one more minute to me?

Mr. MAYBANK. Yes.

The PRESIDENT pro tempore. The Senator from New York is recognized for 1 minute.

Mr. LEHMAN. Mr. President, we are about to pass a bill which is a bad bill, a bill which is not in the interest of the people of our country and designed to protect the economy of our country.

I know there is nothing I can say which is going to reverse the trend and bring about the ends I and many of my associates—and the people—seek. Deep down in our hearts, we all know that these ends are necessary. Yet some are acting without regard to what is right. But I hope that we are not going to be supine or satisfied with what we have done. I do not believe the American people are going to permit us to be supine or satisfied. They are not going to feel that we have properly represented their interests; they are going to rise, I believe, with such a chorus of criticism of what we have done that it will force the Congress to take note of it.

I am not going to offer another amendment. I end on the note with which I began. I assume that what I have said will not set well with some of my colleagues. Yet I am glad I said it. I think it is something which had to be said on the floor of the Senate.

SEVERAL SENATORS. Vote! Vote!

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. LONG] to the amendment of the Senator from Connecticut. [Putting the question.]

The amendment to the amendment was rejected.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Connecticut [Mr. BENTON].

Mr. WHERRY. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. WHERRY. Have the yeas and nays been ordered?

The PRESIDENT pro tempore. The Chair ordered the yeas and nays.

Mr. MAYBANK. Mr. President, did the Chair announce the result of the vote on the amendment of the Senator from Louisiana?

Mr. WHERRY. I am only asking for the yeas and nays on the Benton amendment. That is all. The vote on the amendment of the Senator from Louisiana is over.

The PRESIDENT pro tempore. The Senator from Nebraska asked for the yeas and nays on the amendment of the Senator from Connecticut.

Mr. MAYBANK. I merely wanted to inquire.

Mr. MAGNUSON. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. MAGNUSON. Did not the Senator from Louisiana withdraw his amendment?

The PRESIDENT pro tempore. No. It was rejected.

Mr. MAGNUSON. Am I correct in my understanding that we are now to vote on the Benton amendment?

The PRESIDENT pro tempore. That is correct.

Mr. BREWSTER. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. BREWSTER. May I inquire of the Presiding Officer what the amendment is that we are to vote on now?

The PRESIDENT pro tempore. It is the amendment of the Senator from Connecticut [Mr. BENTON]. The clerk will call the roll.

The Chief Clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Wyoming [Mr. HUNT], the Senator from Maryland [Mr. O'CONOR] and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

The Senator from South Carolina [Mr. JOHNSTON] is absent on official committee business.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on official business, having been appointed a representative of our Government to attend the International Labor Conference being held in Geneva, Switzerland.

The Senator from Florida [Mr. SMATHERS] is absent because of illness.

I announce further that if present and voting, the Senator from Maryland [Mr. O'CONOR] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Montana [Mr. ECTON], the Senator from Vermont [Mr. FLANDERS] and the Senator from Massachusetts [Mr. LODGE] are absent on official business. If present and voting, the Senator from Massachusetts [Mr. LODGE] would vote "nay."

The Senator from Pennsylvania [Mr. MARTIN] is absent because of illness.

The Senator from OREGON [Mr. CORDON], the Senator from Colorado [Mr. MILLIKIN] and the Senator from Utah [Mr. WATKINS] are detained on official business.

The result was announced—yeas 25, nays 57, as follows:

YEAS—25

Anderson	Humphrey	Monroney
Benton	Johnson, Tex.	Moody
Connally	Kerr	Morse
Douglas	Kilgore	Neely
Fulbright	Lehman	O'Mahoney
Green	Long	Sparkman
Hayden	Magnuson	Underwood
Hennings	McFarland	
Hill	McMahon	

NAYS—57

Aiken	Capehart	Ferguson
Bennett	Carlson	Frear
Brewster	Case	George
Bricker	Clements	Gillette
Bridges	Dirksen	Hendrickson
Butler, Md.	Duff	Hickenlooper
Butler, Nebr.	Dworshak	Hoyer
Byrd	Eastland	Holland
Cain	Ellender	Ives

Jenner
Johnson, Colo.
Kefauver
Kem
Knowland
Langer
Malone
Maybank
McCarran
McCarthy

McClellan
McKellar
Mundt
Nixon
Pastore
Robertson
Saltionstall
Schoeppel
Smith, Maine
Smith, N. J.

Smith, N. C.
Stennis
Taft
Thye
Tobey
Welker
Wherry
Wiley
Williams
Young

NOT VOTING—14

Chavez
Cordon
Ecton
Flanders
Hunt

Johnston, S. C.
Lodge
Martin
Millikin
Murray

O'Connor
Russell
Smathers
Watkins

So Mr. BENTON's amendment was rejected.

Mr. FERGUSON. Mr. President, I call up my amendment marked "6-25-51-F," and ask that it be stated.

The PRESIDENT pro tempore. The clerk will state the amendment.

The CHIEF CLERK. On page 2, line 13, it is proposed to strike out the period and insert a colon, and the following: "Provided, That the President shall increase the ceiling price of any person subject to any ceiling price order or regulation by the excess, if any, of the increases in rates of direct wages, salaries, and the increases in prices paid by him for direct materials or services (after deduction for any decreases in such rates and prices) with respect to the product subject to such order or regulation from June 24, 1950, to January 26, 1951, over the aggregate amount of any price increases for such product placed in effect by such person between June 24, 1950, and the enactment of this paragraph."

Mr. FERGUSON. Mr. President, two features of the debate this week, at least when it was in its general stages, have impressed me greatly.

First is the constant reiteration of a purpose, under a controls program, to achieve a balanced price structure. This purpose of stabilization is of course implicit in the nature of the basic act. Otherwise I can think of no possible justification for the legislation.

The principle difference of opinion revolves about the point at which equitable stabilization of a balanced price structure is possible. And in stating that difference of opinion I lay stress on the word "equitable."

There are those who insist that a balanced level is possible at a point somewhere between the outbreak of the Korean War, which is the last normal economic state we have experienced, and January 26, when the general price freeze went into effect. But there is another school of thought reflected in the committee's action, and since then by a majority of the Senate, that it is a practical impossibility to level prices off equitably at a point below the price freeze of January 26, and that being unable to do so, any attempt at selective roll-backs thwarts the production incentives which in the long run are the most effective weapon against inflation.

The point I am making, Mr. President, is that the thing separating the two basic schools of thought is where and how it is possible to achieve price stability and balance equitably. I think there is no disagreement on the objective. The problem arises in connection with the means.

Mr. President, from that agreement comes an agreement that mandatory standards in fixing prices are necessary. I wish to underscore the words "that mandatory standards in fixing prices are necessary."

The present determination of the Senate is that a standard relative to January 26 prices shall apply.

That agreement upon mandatory standards reflects another outstanding feature of the debate on this bill. That is, a general lack of confidence in the law's administration.

That feeling, as it has been revealed throughout the debate and as the reasons for it have been brought forth, is not necessarily a reflection upon Mr. DiSalle. It is instead a commentary on the whole problem of administering and enforcing any economic controls. The plain and simple truth, ugly as it may be, is that any administration of economic controls by a political authority is necessarily made subject to political influences.

We have heard the distinguished chairman of the Banking and Currency Committee, who is in charge of the bill state that the reasons for delaying so long in imposing effective price controls after the law was enacted last September was, first, a desire on the part of the administration to let prices rise so that increased taxes might be extracted at the inflated level; and, second, that there was an election coming up.

We have heard of the confusion which stems from the discretionary powers that lie in the hands of the Administrator. We have had it pointed out that in hearings before the committee the Administrator said no roll-backs were planned, except in a couple of cases. But the day after the committee had drafted an anti-roll-back provision he announced an intention to put into effect a whole series of roll-backs.

I feel that the lack of confidence and the lack of certainty which follows from that sort of contradictory behavior were a strong influence upon the committee and upon the Senate in adopting the anti-roll-back provision.

It was clear that the committee had obvious misgivings about selective or arbitrary authority to roll back prices. Selective or arbitrary authority is always subject to political pressure and is therefore no guarantor at all of equity, stability, or balance. It is authority which invites abuse, to work in the opposite direction from those ideals or purposes in a program of economic controls.

The Senate has now adopted the committee's point of view. It must be said, however, that some of the question of discriminatory authority remains. Will the Administrator equitably administer prices to reach stability and balance at what is in effect a new base period?

To his credit, he has indicated a policy and an intent to correct certain inequities by the issuance of Manufacturers General Price Orders 22 and 30. At least that intent is assumed, although it must be said that he has the last word and he will not give his word on any applications filed under the orders until after July 2, when all applications are due.

But consistent with the action taken on roll-backs, is there any reason why Congress should not compel him to pursue that objective on a fair and equal basis?

We have, in effect, sought to eliminate whim, caprice, or political considerations by denying further price roll-backs, in the interests of balance and stability. It is only consistent that we should now require him to hold to the real stabilization objective by insisting that he balance prices at the January level. This is not only consistent but necessary and equitable, because as has been pointed out so many times one man's price is another man's cost.

The amendment which I have called up for present consideration is an amendment to the anti-roll-back provision. It would require that price ceilings reflect increases in direct material and labor costs between June 25 and January 26. Speaking generally, this simply enforces the spirit and purposes of the Manufacturers General Price Order on a universal, equitable basis. It is a logical and consistent adjunct to the anti-roll-back provision which has been adopted and is necessary to it unless its provisions are to be avoided in a manner in which I do not believe even the opponents of that provision sought or would desire.

Mr. ROBERTSON. Mr. President, the Senator from South Carolina [Mr. MAYBANK] yielded the time controlled by him to me before he left the Chamber.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The Chair recognizes the Senator from Virginia.

Mr. ROBERTSON. Mr. President, I have voted against every amendment that has been offered to this bill since it has been before the Senate, and I am going to vote against the pending amendment. I grant the contention of the distinguished Senator from Michigan that it is an adjunct to the anti-roll-back provisions of the bill, but I cannot concede that it is a necessary adjunct. Whatever may be said about the roll-back provisions, they do not increase the price of anything. The amendment offered by the distinguished Senator from Michigan increases the ceiling price. It is tailored perfectly to increase the price of automobiles, but it will reach a good many other things besides automobiles. The purpose of the amendment is to make mandatory the price increase, and I cannot believe that the Senate, even at this late and weary hour, is prepared to accept provisions of that kind.

Mr. DOUGLAS. Mr. President, will the Senator from Virginia yield to me so I may ask a question of the Senator from Michigan?

Mr. ROBERTSON. I yield 2 minutes to the Senator from Illinois.

Mr. DOUGLAS. I should like to ask the Senator from Michigan what necessity there is for an amendment such as this, in view of the fact that we have already adopted the Millikin amendment, which requires the inclusion of increased costs in price ceilings. Why is it necessary to have this automobile amendment?

Mr. FERGUSON. Mr. President, the Millikin amendment applies only to the increases after the plateau of January. My amendment applies to the increases up to January 26. My amendment may be called an automobile amendment, but most of the automobile makers of Michigan were prohibited from raising their prices, and they now discover that by reason of the roll-back and the ceiling or plateau of January, in buying from manufacturers of tools, and so forth, they were caught in the jam, and are now unable to raise their prices. The General Manufacturers' Order was intended to take care of them, but the authorities have refused to take care of them.

My amendment is mandatory in order that there be an equitable base on the plateau as of January. If there have been any increases, they should be allowed. If there have been any decreases, the amendment provides that they shall be deducted.

Mr. DOUGLAS. Mr. President, will the Senator from Virginia yield another minute to me?

Mr. ROBERTSON. I yield to the Senator from Illinois, provided he uses it himself.

Mr. DOUGLAS. Mr. President, I have before me the text of the Millikin amendment. It refers to a period prior to January 25, 1951, not subsequent to January 25, 1951, as the Senator from Michigan has said. Therefore, I think the Senator from Michigan is laboring under a gross misapprehension.

Mr. ANDERSON. Mr. President, will the Senator from Virginia yield?

Mr. ROBERTSON. How much time does the Senator desire?

Mr. ANDERSON. I want to inquire from someone if it is not required by law that the formula for increasing prices to all business must be extended. Is this a roll-forward or a roll-back amendment?

Mr. ROBERTSON. The primary thing is to freeze ceilings at a higher price.

Mr. ANDERSON. Then this is a roll-up amendment?

Mr. ROBERTSON. It applies to everything, but it is well fitted to automobiles.

Mr. FERGUSON. Mr. President, think what we are doing here today. We are placing a level or plateau in January. The administration allowed prices to go up on certain articles, and forbade them to go up on other articles up to a certain date. Then it froze prices on that particular date. Now it is proposed that Congress enact a law providing a prohibition against roll-backs beyond that period. We find that the manufacturers who were not allowed to increase prices up to January 26 now find themselves doing business at a loss.

I will ask the Senator from Colorado whether in his judgment this amendment is in conflict with the amendment which he offered. I will yield him time to answer that question.

Mr. ANDERSON. I thought the time had been yielded over in this direction.

Mr. MILLIKIN. Mr. President, I am very glad to say that in my opinion the Ferguson amendment is not in conflict

with the amendment concerning the subject of roll-backs which was adopted earlier today, and of which I was the sponsor.

Mr. ANDERSON. Mr. President, will the Senator from Virginia yield?

Mr. ROBERTSON. I yield.

Mr. ANDERSON. I ask the Senator from Virginia if this amendment does not apply to any person subject to any ceiling price order. Does that mean every individual butcher shop? Does it mean every individual grocery store? Does it mean every individual shoeshine parlor? Can they all go into court? This amendment does not say "person, firm, or corporation." It would cover every person in the country.

Mr. ROBERTSON. It appears to be a little ambiguous, but a liberal construction of it would make it apply to every shoe-shine shop.

Mr. ANDERSON. Liberal or illiberal, it says "any person subject to any ceiling price order or regulation." The purchaser of a pound of meat is subject to a ceiling price order or regulation. Is he included? The Senator from Virginia would agree that he was, would he not?

Mr. ROBERTSON. I should think so.

Mr. ANDERSON. If we want chaos in price administration, this is the easiest way to get it I have ever seen.

Mr. FERGUSON. Mr. President, will the Senator yield some time to me?

Mr. ROBERTSON. I yield.

Mr. FERGUSON. The amendment applies only to those who had ceiling prices placed on them prior to January 26. I know of no shoeshine shop or butcher shop which would fall in that category. I am talking about machine tools, automobiles, and other things, the prices of which were frozen before January 26. Now the manufacturers of such articles are not allowed to increase their prices, even to the extent of actual labor and actual material.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. ANDERSON. Then the Senator agrees that this amendment would not help an individual merchant or purchaser anywhere in the country. It is tailor-made for a specific class.

Mr. FERGUSON. It applies to those whose prices were frozen prior to January 26.

Mr. ANDERSON. It applies, then, primarily to the automobile industry.

Mr. FERGUSON. The Senator is correct. Why should that industry be discriminated against?

Mr. ANDERSON. The profits of automobile manufacturers were reasonably good, were they not?

Mr. FERGUSON. Now we come to the secret. The Senator wants to fix prices so as to determine profits. If the Senator will read the report, he will see that the report specifically says that that is not the purpose of the bill.

Mr. ANDERSON. I realize that; but there are hardship provisions, if there was hardship. I thought the Senator from Colorado [Mr. MILLIKIN] took care of hardships in his amendment. He took care of almost everything else, and I think he did it in a proper fashion. I

would have supported his amendment if there had been a yea-and-nay vote.

Mr. FERGUSON. This amendment takes care of hardships. This amendment does not allow any man to receive any consideration whatever except to the extent that he has invested in actual cost of labor and material.

Mr. ANDERSON. If there is no hardship, why should he have relief?

Mr. FERGUSON. There certainly is hardship.

Mr. ANDERSON. Then there is a hardship provision to take care of him. He must fall into one category or the other. He must have hardship, and therefore be able to profit by it, or, if he has suffered no hardship, he should not be asking for relief.

Mr. FERGUSON. For months they have been before the Administrator trying to get relief, but I say that the relief has become political. That is what is wrong. That is why we should legislate, so that it will not be political, but in order that there may be a standard. Standards are established by this amendment.

Mr. ANDERSON. I thank the Senator from Virginia for yielding me time, because I wanted to find out whether this was a political amendment. If it is political for an individual group, I think it has no place in this bill.

Mr. FERGUSON. It is political in this way, that they were discriminated against politically. This amendment would remove the political discrimination.

Mr. ROBERTSON. Mr. President, in the interest of expediting action and in the hope that we may finish consideration of the bill tonight, I yield back the remainder of the time which the chairman of the committee yielded to me, and ask for a vote.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. FERGUSON].

Mr. FERGUSON. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Iowa [Mr. GILLETTE], the Senator from Wyoming [Mr. HUNT], the Senator from Maryland [Mr. O'CONOR], and the Senator from Georgia [Mr. RUSSELL], are absent on official business.

The Senator from South Carolina [Mr. JOHNSTON] is absent on official committee business.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on official business, having been appointed a representative of our Government to attend the International Labor Conference being held in Geneva, Switzerland, and if present would vote "nay."

The Senator from Florida [Mr. SMATHERS] is absent because of illness.

Mr. SALTONSTALL. I announce that the Senator from Montana [Mr. ECTON], the Senator from Vermont [Mr. FLANDERS], and the Senator from Massachusetts [Mr. LODGE] are absent on official business. If present and voting, the

Senator from Massachusetts [Mr. LODGE] would vote "nay."

Then Senator from Pennsylvania [Mr. MARTIN] is absent because of illness.

The Senator from Oregon [Mr. CORDON] and the Senator from Utah [Mr. WATKINS] are detained on official business.

The result was announced—yeas 15, nays 67, as follows:

YEAS—15

Bennett
Brewster
Bridges
Cain
Capehart

Dirksen
Ferguson
Hickenlooper
Jenner
Knowland

Millikin
Mundt
Thye
Wherry
Wiley

NAYS—67

Aiken
Anderson
Benton
Bricker
Butler, Md.
Butler, Nebr.
Byrd
Carlson
Case
Clements
Connally
Douglas
Duff
Dworshak
Eastland
Ellender
Frear
Fulbright
George
Green
Hayden
Hendrickson
Hennings

Hill
Hoey
Holland
Humphrey
Ives
Johnson, Colo.
Johnson, Tex.
Kefauver
Kem
Kerr
Kilgore
Langer
Lehman
Long
Magnuson
Malone
Maybank
McCarran
McCarthy
McClellan
McFarland
McKellar
McMahon

Monroney
Moody
Morse
Neely
Nixon
O'Mahoney
Pastore
Robertson
Saltonstall
Schoeppel
Smith, Maine
Smith, N. J.
Smith, N. C.
Sparkman
Stennis
Taft
Tobey
Underwood
Welker
Williams
Young

NOT VOTING—14

Chavez
Cordon
Ecton
Flanders
Gillette

Hunt
Johnston, S. C.
Lodge
Martin
Murray

O'Connor
Russell
Smathers
Watkins

So Mr. FERGUSON's amendment was rejected.

Mr. MCFARLAND. Mr. President, I wish to make a short statement. I certainly appreciate the cooperation of the Senate tonight. If we will reduce the length of our speeches a little bit, we will be able to finish consideration of the bill tonight. If we do not finish with it, we shall have to continue with it tomorrow night. I suggest that we try to finish it tonight. I hope we will be able to shorten our speeches a little bit. Everyone has been wonderful and the spirit has been fine. I certainly hope that we can finish consideration of the bill tonight.

Mr. FERGUSON. Mr. President, I send to the desk my amendment "3-25-51-E."

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. At the appropriate place in the bill it is proposed to insert the following new section:

Section 402 (c), Defense Production Act of 1950, is amended by adding at the end thereof the following new paragraph:

"In establishing a ceiling or ceilings pursuant to the authority conferred in this section, specific standards and criteria shall be established and maintained by the applicable orders and regulations, and such standards and criteria shall be uniform in application to all persons and industries within each of the following general business classifications: Mining, manufacturing, wholesaling, retailing, importation of goods, exportation of goods, agricultural products, and such other general business activities, exclusive of the foregoing, as the President may determine,

so that no person or industry shall be discriminated against or receive less favorable treatment than any other person or industry within the same general business classification; and any ceiling price order or regulation heretofore issued shall be amended or modified forthwith by the President to the extent necessary to eliminate any previous or existing discrimination or less favorable treatment with respect to any person or industry."

Mr. FERGUSON. Mr. President, the purpose of this amendment can be stated very simply as a principle of nondiscrimination.

It is a simple declaration that in establishing price ceilings there shall be set up certain criteria and standards for general business classifications and they shall be applied without discrimination, under price ceilings or other price orders and regulations, to all persons or industries alike within the classifications.

One thing that we have to bear in mind always is that the powers over prices and materials which this legislation provides puts the national economy in a vise. Any segment of the economy can suffer tremendously if it is not guaranteed equitable and like treatment with others.

Ours is a Government of law and not of men. At least we should seek to maintain that principle which has protected us from tyranny and distinguished our systems from others where liberty and freedom have been extinguished, if they were ever known.

I mean no reflection upon the present Price Administrator when I say that the authority which he wields is dangerous in the extreme. I am thinking only of the time when a less reliable or a less scrupulous Administrator might have this great power.

This amendment will minimize any possible abuse of the vast economic authority which this legislation imposes. It will prevent any exercise of that authority in star chamber. It does so by the reasonable and entirely fair requirement that all persons and industries who operate within a common field shall be assured equal treatment.

In its practical effect this amendment will deny what it called the tailor-made regulation. That is a regulation tailored by the price stabilizer to fit a particular industry or a particular individual. The tailor-made regulation is a right which the Office of Price Stabilization has claimed and has assumed under the present law.

I feel strongly that the power to write such a regulation is the most dangerous sort of power, because it involves an inevitable discrimination; and I have assumed that if there was any justification whatsoever for a program of direct economic controls, it was to attain a stabilized and equitable balance of the price structure. Tailor-made regulations, when written at the whim or the caprice of an administrator, or made under the pressure of purely political considerations, lead in exactly the opposite direction.

Of course the law makes provision for the adjustment of hardship cases, and tailor-made regulations may serve that

purpose; but we must always remember that the question of granting relief in a hardship case is one solely within OPS discretion. A power which can be exercised to adjust a hardship case can also be used to impose a hardship.

I think I know the source of any possible opposition to a mandatory non-discrimination provision. It is felt that within segments of the economy, even within industries themselves, there may be individuals or groups who enjoy particularly high profit conditions.

I hold no brief for any company or any industry that holds such a position. I merely wish to emphasize the point that barring the windfalls and the profiteering which this basic legislation is intended to curb, and barring monopolistic practices which call for the most vigorous sort of prosecution under other laws, profits are an index to production and marketing efficiency. I hope that in this country we shall never seek to penalize efficiency for the mere effect of curbing profits. As a matter of fact, it is clearly the spirit and intent of this legislation to avoid profit controls. The committee stated that most strongly in its report, seeking to "emphasize that point emphatically," to use its own expression. As the committee has said, if profits are to be controlled—and I shall not argue here the charge of excess profits—that will be done through another machinery, that of taxation.

The discriminatory authority which is latent in this act without a provision of the sort for which I now speak can easily be used for the purpose of controlling profits. I may even say that it has been so used. Such authority or power can be used as a powerful political lever, if it is used arbitrarily.

If we are to have profit controls, there are, as the committee has said so clearly, other means of accomplishing them. But tax legislation, too, is based on the fair and reasonable approach of non-discrimination, which should be implicit in all law, just as I propose now that it be written into this law.

My amendment would set up the following general business classifications within which the principle of nondiscrimination should apply: Mining, manufacturing, wholesaling, retailing, importation of goods, exportation of goods, agricultural products, and such other general business activities exclusive of the foregoing as the President may determine. In other words, the President could provide for other or different classifications.

If there is objection that those classifications are either too broad or too limited, I would be willing to modify the amendment so as to provide that the standards and criteria which are to be set up shall be uniform in application to the extent that is practicable. With or without that modification, it will be made clear that the amendment is intended to see that all persons and industries who can be identified as being in similar circumstances by reason of their economic pursuits shall have like and equitable treatment under the law.

Mr. MAYBANK. Mr. President, I trust that the Senate will reject this

amendment, and likewise will reject any other amendments which may be offered from now on.

I merely pointed out that the amendment would require that unnecessary ceilings be placed by the Administrator on businesses or industries; in other words, the amendment would require price ceilings to be put on all manufacturers, even though price ceilings are not needed in all cases.

I have conferred with those who represent the Detroit industries. Although perhaps we are not able to provide for exactly what they would like in the way of amendments to this measure, yet I did include in the report, on page 12, a rather long statement under the heading "Allocations and priorities," because I think the Government has not given sufficient allocations to the Detroit industries.

However, I hope we shall not approve an amendment of this kind.

Mr. President, I shall not take more time on the amendment; I hope the vote on it is taken at once.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Michigan. [Putting the question.]

The "noes" apparently have it; the "noes" have it, and the amendment is rejected.

Mr. WHERRY. Mr. President, I call up my amendment lettered "M," which I submitted last night. I ask that the amendment be stated.

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, line 9, it is proposed to strike out "the lower of" and insert "either."

Mr. WHERRY. Mr. President, I shall detain the Senate only a few minutes on this amendment.

The amendment proposes clarifying language to make unmistakably clear what is intended in section 2 with reference to the imposition of ceilings in accordance with the bill as reported by the committee.

Again I wish to say, as I said yesterday—and it has been stated time and again on the floor, in answer to questions which I have asked—that clause "(A)" will not accomplish, I am sure, the result the committee intends as an alternative to "(B)", in establishing the ceiling price within the qualification of "which is below the lower of."

This provision of the bill reads:

"(4) After the enactment of this paragraph no ceiling price shall become effective which is below the lower of (A) the price prevailing just before the date of issuance of the regulation or order establishing such ceiling price.

I submit to the Members of the Senate that if that provision remains in the bill, the Price Administrator, when a product has fallen in price down and down and down, will be able to impose a ceiling price which absolutely will put an industry out of business.

I am sure that what the Senate intended to do in this case, if anything, was possibly to use the date of April 30.

Therefore, Mr. President, in order to make it plain that a ceiling cannot be

imposed when a product had dropped in price perhaps dollars and dollars a hundred pounds, as in the case of meat, or dollars and dollars for each article, in the case of manufactured articles—in other words, when the drop in price is entirely beyond reason—I am asking that the words "the lower of" be stricken out, and that the word "either" be inserted in lieu thereof, so that the price Administrator will have that choice; in other words, he will be able to use either clause "(A)" or clause "(B)" in the imposition of a ceiling on the article or commodity affected by this provision.

Mr. President, unless some Senator wishes to ask a question about the amendment, I shall conclude my discussion of it. I think the amendment is entirely plain.

I should like very much to ask the distinguished Senator from Louisiana [Mr. ELLENDER], who has an amendment which is exactly the same as mine, whether he would like to say a word at this point. If not, I am perfectly willing to have the amendment voted on at this time.

Mr. CASE. Mr. President, will the Senator yield?

Mr. WHERRY. I yield to the Senator from South Dakota.

Mr. CASE. The Senator's amendment is addressed to exactly the same point that I sought to bring out by the second part of my amendment to the Douglas amendment. I wanted to point out that it makes a great deal of difference whether we have the words "the lower of" or strike them out. That was why I could not go along with the Douglas amendment when he declined to accept both parts of my amendment to his.

Mr. WHERRY. That is correct.

Mr. CASE. If the words remain in the bill, there can be a succession of lower and lower ceilings in individual items or fields until the entire economy is out of any normal relationship. Seasonal fluctuations do occur in some lines. To seize upon them individually and proclaim successive roll-backs would throw prices out of balance and would be the most vicious form of selective controls. I think that is what the Senator really intends to reach and prevent by his amendment.

Mr. WHERRY. I appreciate the Senator's comment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Nebraska. [Putting the question.]

Mr. WHERRY. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Iowa [Mr. GILLETTE], the Senator from Wyoming [Mr. HUNT], the Senator from Maryland [Mr. O'CONNOR], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

The Senator from South Carolina [Mr. JOHNSTON] is absent on official committee business.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on

official business, having been appointed a representative of our Government to attend the International Labor Conference being held in Geneva, Switzerland.

The Senator from Florida [Mr. SMATHERS] is absent because of illness.

Mr. SALTONSTALL. I announce that the Senator from Montana [Mr. ECTON], the Senator from Vermont [Mr. FLANDERS] and the Senator from Massachusetts [Mr. LODGE] are absent on official business. If present and voting, the Senator from Massachusetts [Mr. LODGE] would vote "yea."

The Senator from Pennsylvania [Mr. MARTIN] is absent because of illness.

The Senator from Oregon [Mr. CORDON] and the Senator from Utah [Mr. WATKINS] are detained on official business.

The result was announced—yeas 49, nays 33, as follows:

YEAS—49

Aiken	Ellender	Mundt
Bennett	Ferguson	Nixon
Brewster	George	Saltonstall
Bricker	Hendrickson	Schoepfel
Bridges	Hickenlooper	Smith, Maine
Butler, Md.	Hoey	Smith, N. C.
Butler, Nebr.	Jenner	Smith, N. J.
Byrd	Johnson, Colo.	Stennis
Cain	Johnson, Tex.	Taft
Capehart	Kem	Thye
Carlson	Knowland	Tobey
Case	Langer	Welker
Connally	Malone	Wherry
Dirksen	McCarran	Wiley
Duff	McCarthy	Young
Dworshak	McClellan	
Eastland	Millikin	

NAYS—33

Anderson	Humphrey	McMahon
Benton	Ives	Monroney
Clements	Kefauver	Moody
Douglas	Kerr	Morse
Frear	Kilgore	Neely
Fulbright	Lehman	O'Mahoney
Green	Long	Pastore
Hayden	Magnuson	Robertson
Hennings	Maybank	Sparkman
Hill	McFarland	Underwood
Holland	McKellar	Williams

NOT VOTING—14

Chavez	Hunt	O'Connor
Cordon	Johnston, S. C.	Russell
Ecton	Lodge	Smathers
Flanders	Martin	Watkins
Gillette	Murray	

So Mr. WHERRY's amendment was agreed to.

Mr. MAGNUSON. Mr. President, I call up my amendment, which is printed and is lying on the table. I ask that it be read.

The PRESIDENT pro tempore. The clerk will state the amendment offered by the Senator from Washington [Mr. MAGNUSON].

The LEGISLATIVE CLERK. At the appropriate place in the bill it is proposed to add the following new section:

SEC. 104. Notwithstanding the provisions of any other law, import controls of fats and oils (including oil-bearing materials, fatty acids, and soap and soap powder, but excluding petroleum and petroleum products and coconuts and coconut products), peanuts, butter, cheese and other dairy products, and rice and rice products are necessary for the protection of the essential security interests and economy of the United States in the existing emergency in international relations, and no imports of any such commodity or product shall be admitted to the United States until after June 30, 1953, which would (a) impair or reduce the domestic production of any such commodity or product below

present production levels, or below such higher levels as the Secretary of Agriculture may deem necessary in view of domestic and international conditions, or (b) interfere with the orderly domestic storing and marketing of any such commodity or product, or (c) result in any unnecessary burden or expenditures under any Government price-support program.

Mr. MAGNUSON. Mr. President, if I may have the attention of the Senate I am sure it will not take much time to discuss this amendment.

I emphasize the fact that the amendment was very carefully prepared and has the sponsorship of several Senators. It will in no way affect the pending bill. It does not amend any part of it; it merely adds a new section which probably should have been brought up in the hearing, but was not. In the Second War Powers Act, which was approved in 1942, an identical provision was contained. Since 1942 flexible authority has been provided to control imports of fats and oils, which include, of course, dairy products, peanut oil, and all the other so-called fats and oils.

I need not recall to the Members of the Senate how important the problem of fats and oils was to the war effort of this country in World War II. The Second War Powers Act expires next Saturday. Therefore, it is very vital to continue this authority in order to handle these imports which might affect the defense effort. We must continue the same section that existed in the Second War Powers Act.

The amendment does not affect the bill or amend any part of it, but I do think it is very vital that the Senate adopt it. I say that for several reasons, Mr. President. Let us consider, for instance, the item of butter and dairy products. If on next Saturday night the authority of the Secretary of Agriculture, which he has had since 1942, should expire, there would be a great flood of imports of fats and oils, including dairy products, from many countries throughout the world. That would seriously impair the price, and it would also discourage not only dairy farmers, but persons in the processing business in connection with fats and oils, to continue their effort to produce as much as we shall need, whether in actual war, or in the gradual defense effort in which we are now engaged and in which we may be engaged for some time.

Butter is now selling in the Argentine and in Australia in great export quantities for about 32 cents a pound. It can be laid down at any port in the United States for 39 cents a pound. That would mean that the dairy farmer would be discouraged. The same is true as to other types of fats and oils.

I hope, Mr. President, that we shall add to the bill this provision which has been on the statute books since 1942, and which will expire in a different law, the Second War Powers Act, next Saturday. The Secretary of State should have authority to regulate the imports of these most vital products in connection with the defense effort.

Mr. IVES. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. IVES. Mr. President, I have in my hand a table which has been prepared by the National Milk Producers' Federation, indicating the export price of butter and cheese in various competing countries. I ask unanimous consent that at this point the table be inserted in the RECORD, because it substantiates very effectively and very eloquently all the Senator from Washington has just stated.

It is very essential that this amendment be adopted, and I shall be very glad to support it.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

NATIONAL MILK PRODUCERS FEDERATION,
WASHINGTON, D. C.MEMORANDUM—PRICES OF BUTTER AND CHEESE
IN DENMARK, ARGENTINA, AUSTRALIA, AND NEW
ZEALAND

Denmark (source: Danish Embassy)

Butter: Export price to United States would be approximately 49 to 50 cents per pound to which import taxes, transportation, etc., charges should be added.

During the period from January 2, 1951, through May 27, 1951, total exports of butter from Denmark totaled 55,000 metric tons or 122,000,000 pounds of which 45 metric tons or 99,000,000 tons went to United Kingdom. Approximately 80 percent of the butter production in Denmark is for export.

Cheese (prices are c. i. f. prices—do not include import taxes—delivered to New York): Hard cheese, 35 cents per pound; normal hard cheese, 45-percent butterfat, 35½ cents per pound; blue cheese and Gorgonzola, 45 to 50 percent, 38 to 38½ cents per pound.

Argentina (source: Department of Commerce)

Butter: Manufacturer's price, 4.60 pesos per kilo, 27.88 cents per pound; price to retail distributor, 5.40 pesos per kilo, 32.73 cents per pound; price to consumer, 6 pesos per kilo, 36.36 cents per pound; export price, 5.20 pesos per kilo, 31.51 cents per pound.

Cheese: Wholesale prices, 4 pesos per kilo for hard, 24.24 cents per pound; 3.6 pesos for fresh or processed, 21.62 cents per pound; retail prices, 4.8 pesos per kilo for hard, 29.09 cents per pound; 4.3 pesos per kilo for processed, 26.06 cents per pound; export prices, Sardo and Sbrinz, \$80 per 100 kilos, f. o. b. Buenos Aires, \$0.3636 per pound; Reginito, \$2 per 100 kilos, f. o. b. Buenos Aires, \$0.3727 per pound.

(Rate of exchange 750 pesos equals \$100. 1 kilo equals 2.2 pounds.)

Australia (source: U. S. Department of Commerce)

Butter (the 9-month average price for the period from July 1, 1950, through March 31, 1951): Price to United Kingdom, 29.8 cents per pound; other foreign countries, 41.7 cents per pound; certain British countries, 37.4 cents per pound; other British countries, 36.5 cents per pound.

Cheese (average export price for the period from July 1, 1950, through March 31, 1951): Cheese, 19 cents per pound.

For the 9-month period ending March 31, 1951, out of 110,000,000 pounds of butter exported from Australia 94,000,000 pounds went to the United Kingdom. For the same period ending in March 31, 1950, 125,000,000 pounds went to the United Kingdom out of a total export figure of 138,000,000 pounds.

Australian pound is \$2.24 American money.)

New Zealand (source: New Zealand Government Trade Commissioner)

The free-on-board buying price by the New Zealand Dairy Products Commission

for fiscal 1950-51 year: Butter, 27.1589 pence per pound (\$0.3138 per pound); cheese, 14.9522 pence per pound (\$0.1728 per pound). (New Zealand pound is \$2.772989 American money.)

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. TAFT. Does the Senator consider this amendment to be consistent with the reciprocal trade agreement program of the administration?

Mr. MAGNUSON. I will say that it is not. The difference between the amendment and the reciprocal trade agreement program is that it gives supplemental authority for the defense effort as to products which might affect defense production. We have had this authority since 1942, over and above the reciprocal trade agreements. There are different tariffs on fats and oils as between different countries. This is a measure which we deemed necessary all these years, and I am very sure we shall deem it necessary during the coming years.

Mr. THYE. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield to the Senator from Minnesota.

Mr. THYE. Mr. President, I am a cosponsor of this amendment. On July 1 the tariff on butter will be reduced from 14 cents to 7 cents a pound. This will reduce the price of butter by approximately 17 cents because of the volume of butter and cheese in New Zealand and Denmark, which will be imported into this country. We note year after year a decrease in the dairy-cow population, just as the sheep population in the United States has decreased. Because we have not protected the producer of sheep, the sheep rancher, there has been a natural decrease in the sheep population, and at the present time we are paying \$1 a pound for wool, because our domestic wool supply is so low that we are entirely dependent on imports. For that reason, Mr. President, there is some justification in this amendment to protect the dairy industry.

Mr. President, I have a letter from Mr. John Brandt, president of the Land O' Lakes Creameries, Inc., and I ask unanimous consent to have it printed in the RECORD as a part of my remarks.

Mr. LANGER. Mr. President, I should like the Senator to read the letter, because I want to know what Mr. Brandt says. I want to get the interest of Lever Bros. in this matter.

Mr. THYE. It would take quite a time to read this letter into the RECORD, and I am sure the Senator from North Dakota will not object to its becoming a part of the RECORD without having it read.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

LAND O' LAKES CREAMERIES, INC.,
Minneapolis, Minn., June 21, 1951.

Hon. EDWARD J. THYE,
Senate Office Building,
Washington, D. C.

DEAR SENATOR THYE: We are writing you to express the concern of the dairymen here in the Northwest regarding the coming possibility of imports of butter from foreign

countries which after July 1 will be encouraged because of the previous reduction in the duty on butter from 14 cents to 7 cents per pound and the expansion of the import quotas under our reciprocal-trade treaties.

About the time our dairy farmers are producing dairy products in the high-cost season, which will be in the fall and winter, New Zealand and Australia will be in their cheap high-production season and will have considerable quantity of butter and cheese available for export to the United States. If this happens, and it likely will, the price of butter and cheese in America will immediately follow to the support-price level, which will only be about 80 percent of parity, and this Government will be forced to buy the imported dairy products or the equivalent of home-produced dairy products to make room for the imports from foreign countries. We will have another potato deal where the United States will be in a position of supporting the world price on butter and absorbing world surpluses at price levels above world markets.

Dairy production needs to be encouraged rather than discouraged, as it is already in the low bracket of price return to farmers which has already caused a decrease in dairy production to the extent that it is presenting a rather alarming situation so far as the health and economy of the Nation are concerned.

We urge you to use your influence in correcting this possible development through the enactment of legislation that will prohibit imports of dairy products and, so far as that goes, any farm product below a parity-price level. It hardly makes sense that we should try to support farm prices and then encourage imports to the extent that the United States will have to absorb the surplus world production. Dairy farmers cannot produce at prices below parity. In fact, even parity prices are not sufficient to encourage production of dairy products. For this reason, it seems quite essential that some action should be taken to protect the price of dairy products from foreign competition, at least to the extent of parity levels.

Yours very truly,
LAND O' LAKES CREAMERIES, INC.,
JOHN BRANDT, President.

Mr. THYE. Mr. President, I must call attention to one fact in order that Senators may know what the dairy producer faces. The dairy producer is receiving only 6.9 cents a quart for manufactured milk. In the event dairy products are imported, whether butter or cheese, the dairy prices will be further depressed. For that reason it seems to me that the amendment is an appropriate one and would be of assistance to a continuance of dairy production in the United States and assure that there would be an ample and adequate supply of fluid milk for our domestic needs. I believe the amendment to be not only reasonable and sound, but needed.

Mr. MORSE. Mr. President, will the Senator from Washington yield?

Mr. MAGNUSON. I yield to the Senator from Oregon. I do not know how much time I have left.

Mr. MORSE. I merely desire to ask a question.

Mr. MAGNUSON. Very well.

Mr. MORSE. Does the Senator from Washington agree that the spirit and intent of the amendment he is now offering is consistent with the spirit and intent of the Magnuson-Morse amendment, for which he and I fought on this floor for

some years in connection with the reciprocal-trade agreements law?

Mr. MAGNUSON. Of course it is, and I think this amendment applies even more forcefully because it deals with something vital to the defense effort, and which may become even more vital hereafter.

Mr. MORSE. Mr. President, I am happy to say again that on this principle I will join with the Senator in the amendment.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. MALONE. I should like to ask the distinguished Senator from Washington—although his attention has already been called to it—if the necessity for protecting butter at this time might not arise from the so-called "reciprocal trade" agreements program consummated at the Torquay, England, conference this year, whereby the tariff was arbitrarily lowered from 14 cents to 7 cents a pound; and that that was the second time it was lowered in such an arbitrary manner?

Mr. MAGNUSON. Of course reciprocal trade agreements are not entered into on the basis of defense effort. They are entered into on the basis of the normal channel of trade, under normal conditions.

Mr. MALONE. I call the Senator's attention to the fact that only in an emergency can the dairy people or any other producer live at this time, and that if it were not for the emergency, that the influx of imports would probably be two or three times as great. I also call the attention of the distinguished Senator to the fact that Mr. Hoffman, when he was director of the ECA, recommended that the butter tariff be lowered, as well as tariffs and import fees on practically all other products except automobiles.

Mr. MAGNUSON. I do not care to get into a discussion of the tariff.

Mr. MALONE. I expect that, considering his vote for free trade that the Senator does not want to debate the subject.

Mr. MAGNUSON. This is a safeguard for fats and oils, and it has been on the statute books since 1942. It is the law tonight, but it expires at midnight on Saturday next. So I feel the amendment should be taken to conference, and that the Senate conferees should point out to the conference committee that the Second War Powers Act does expire at midnight Saturday, and that a serious situation might affect fats and oils if the amendment is not adopted.

Mr. MAYBANK. Mr. President, I have no intention of opposing the amendment. We have the permissive part of the amendment in the bill. All the amendment of the Senator would do would be to make mandatory the permissive language. We can carry the amendment to conference, but I am afraid action will not be taken in time for the amendment to have any effect.

Mr. ANDERSON. Mr. President, will the Senator from South Carolina yield to me?

Mr. MAYBANK. So far as I am concerned I yield back all my time.

Mr. MAGNUSON. As soon as I have answered the last statement I shall be glad to yield the floor to the Senator from New Mexico.

Mr. ANDERSON. No one seems to want to yield to me.

Mr. President, I make a point of order against the amendment that it is not germane to the bill.

Mr. MAYBANK. Mr. President, I withdraw the yielding of my time.

The PRESIDENT pro tempore. The Chair will state that the Senator from South Carolina has 14 minutes remaining.

Mr. MAYBANK. I wish to say to the Senator from New Mexico that the subject is dealt with in title I. It was discussed in committee, and we have made a report of the subject in connection with title I. It comes under the broad power of allocation contained in title I of the bill.

Mr. MAGNUSON. Mr. President, how much time do I have left?

The PRESIDENT pro tempore. Three minutes.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. MAGNUSON. I am glad to yield.

Mr. AIKEN. I should like to ask the Senator from Washington if it is not the purpose of his amendment to maintain an adequate production of fats and oils in the United States during the period of the emergency.

Mr. MAGNUSON. That is correct, and that was the purpose of the 1942 act.

Mr. AIKEN. That being the purpose of the amendment, it cannot possibly be out of order, it seems to me.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. MILLIKIN. Are the provisions of the amendment similar to the provisions of the present law to which the Senator refers?

Mr. MAGNUSON. Yes. It merely continues beyond Saturday what was in the Second War Powers Act.

Mr. MILLIKIN. Is it exactly the same?

Mr. MAGNUSON. Yes; it is exactly the same; with the exception of the petroleum and oil, which was also included in the Second War Powers Act. I have included only fats and oils.

Mr. MILLIKIN. The Senator has left the others out?

Mr. MAGNUSON. The petroleum products I have left out.

Mr. MILLIKIN. The Senator has added nothing?

Mr. MAGNUSON. I have added nothing.

Mr. MILLIKIN. And the language and the wording are exactly the same as existing law?

Mr. MAGNUSON. Yes.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. WILEY. I am very happy to state that I am a cosponsor of the amendment. I feel there is another item that we should consider. We are thinking about taxes, and we do not

want to impact improperly that segment of our society which means a great deal of taxes, a great deal of economic health. I feel we should look after that interest, and we will be doing it if we continue the status quo. That which is the law today should be continued.

Mr. ANDERSON. Mr. President, will the Senator from South Carolina yield to me?

Mr. MAYBANK. I yield.

Mr. ANDERSON. I make a point of order that the amendment is not germane to the bill. I desire to say that if it is felt that the act must be passed by Saturday so that the amendment may be included and become law, there is no chance at all that a conference can be had and a report agreed upon by that time. If any action had been necessary along this line it should have been taken by way of a special measure, rather than to have such an amendment tacked onto the bill. If it had been necessary that such action be taken it could have been taken long ago on representation of those in charge of such matters.

Mr. MAYBANK. I wish to repeat that in the Defense Production Act of 1950 there was a permissive provision to that effect.

The PRESIDENT pro tempore. Will the Senator from South Carolina speak a little louder?

Mr. MAYBANK. I said to the distinguished former Secretary of Agriculture, the now Senator from New Mexico, that we placed a permissive feature in title I of the 1950 Production Act. As the Senator suggested, I do not see how a mandatory provision can be made effective as of Saturday night. I call attention to the fact that the provision was not in an agricultural act; it was in the Defense Production Act of 1950.

Mr. ANDERSON. Mr. President, I call the attention again to the fact that the amendment is a mandatory provision. It occurs to me that if it were so essential that the provision be adopted it should have been called to the attention of the Congress long ago by whatever responsible agency had it in its power to do so.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. ROBERTSON. Representative ABBITT, of Virginia, introduced a bill some days ago to continue this provision, but could not secure a hearing on the matter in the House Committee on Banking and Currency to which it had been referred. I have said that I had not voted for any amendment to the bill, and had not intended to vote for any amendment to the bill, but I wish to say that this amendment vitally affects the peanut industry, which is threatened with great loss if the present import control law is permitted to expire. I and the senior Senator from Virginia [Mr. BYRD] favor the continuation of those import controls.

Mr. ANDERSON. If it is necessary that action on this subject be had by Saturday night I insist that the process should have been started long ago. I suggest again to the chairman of the committee that the amendment does not

deal with a matter which is germane to the bill. It is quite obvious, as has been stated, that if these imports are permitted, prices will drop. The bill we are considering is designed to try to put ceilings on prices, and how a measure that would prevent prices from dropping is germane to a bill that is trying to put on ceilings I cannot for the life of me see.

Mr. THYE. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. THYE. This is a defense production measure. I must call that to the attention of the Senator from New Mexico. If it is a defense production measure then I think the amendment is germane, because we are trying to protect the economy of the United States so we can meet any emergency we may have to face in the years to come. Certainly it is necessary in the general defense of our land, that we have dairy products and fats and oils.

Mr. ANDERSON. I wish only to say that I know that the peanut program, to grind up peanuts which were not needed, cost this country \$50,000,000 in a single year. If anyone can explain to me why it is necessary to continue protecting them in order to protect the defense effort of the United States, I should be happy to hear the explanation.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. DOUGLAS. The Senator said he thought it was inappropriate to have this amendment to increase prices attached to a bill which is presumably designed to set ceilings. That may have been true so far as the original intent of the bill submitted to the committee is concerned, but it is not completely appropriate now, since the price-control bill has turned into a bill to increase prices? This amendment is in complete harmony with the bill we now have before us.

Mr. ANDERSON. I do not completely subscribe to the description of what is contained in the bill. I have voted a good many times to try to hold it down. However, I point out that there are a great many things in the bill with respect to which it would be pretty hard to show that they were essential to the defense economy. When the country is grinding up No. 1 peanuts in order to dispose of them, we can hardly say that the production of those peanuts and the restriction of imports from other countries are essential to the national defense. I do not believe that the national defense is going to be jeopardized in the slightest if we allow a peanut from some other country to come into this country.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. ANDERSON. I think I should yield, first to my distinguished friend from Vermont, who is an authority on agricultural matters.

Mr. AIKEN. I ask the Senator from New Mexico if he is not referring to conditions which prevailed last year and the year before in the peanut industry

when, as a matter of fact, it cost the Government not only \$50,000,000, but if we take all costs into account, probably \$80,000,000 a year. But these were conditions which prevailed last year and the year before.

I believe that this Congress has taken steps to correct these conditions in this year's allocation of quotas. However, I point out that peanuts are only one item affected by this proposal. The dairy industry is much more seriously affected. The bill which we are considering represents amendments to the Defense Production Act. I quote from the purposes of the Defense Production Act:

To facilitate the production of goods and services necessary for the national security, and for other purposes.

According to the Senator from Washington, the purpose of this amendment is to guarantee the maintenance of production of certain oils and fats in the United States during the period of the emergency. Therefore I think the Senator from New Mexico was not on good ground in contending that the amendment was out of order. It is just as important to have oils and fats and dairy products as it is to have other commodities.

Mr. ANDERSON. I will say to my distinguished friend from Vermont that if this is a matter so vital to the agricultural interests of the country, it should have been presented long ago to one or the other of two committees—either to the Committee on Agriculture and Forestry of the Senate, or to the Finance Committee of the Senate. I object only to bring it here in a sort of catch-all provision, at a late hour, in an effort to keep up prices, in connection with a bill which is supposed to regulate and hold down prices.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. MAGNUSON. I wonder if the Senator realizes that this law was on the books during the time when the distinguished Senator from New Mexico was Secretary of Agriculture.

Mr. ANDERSON. I realize that perfectly.

Mr. MAGNUSON. Let me ask a further question. The Secretary at that time did not find it necessary on any occasion, probably, to exercise the discretion given in the law.

Mr. ANDERSON. Oh, yes. Certain oils have been eliminated from this country for a long time.

All I am trying to suggest to the Senator from Washington is that if this is a critical matter, so vital to national defense, he should present to us a letter from the Department of Agriculture which says that this provision should be continued.

Mr. MAGNUSON. I have no letter from the Department of Agriculture.

Mr. ANDERSON. Well—

Mr. MAGNUSON. Just a moment, if I may, if we have time. I have no letter from the Department of Agriculture. I have heard some serious repercussions from the people in my State and the people of Wisconsin who are engaged in the dairy industry. They feel that se-

rious results might follow if this provision of the law were to expire. I have no interest in peanuts. I do not believe that anyone will have to restrict the imports of peanuts. In the first place, we raise plenty of them. But there may be some vital items with respect to which there should be some discretionary power. This bill deals with the defense effort. No one has to exercise this authority. If the distinguished Senator from New Mexico did exercise it when he was Secretary, I know he thought it was necessary.

Mr. ANDERSON. I believe that someone must exercise it. The amendment provides that—

No imports of any such commodity or product shall be admitted to the United States until after June 30, 1953, which would (a) impair or reduce the domestic production of any such commodity or product below present production levels—

If peanuts should be imported—

Mr. MAGNUSON. The further language is:

or below such higher levels as the Secretary of Agriculture may deem necessary in view of domestic and international conditions.

If that language has any other implication, I shall be glad to modify it. I wanted to leave it discretionary with the Secretary of Agriculture. I think the language so provides.

Mr. ANDERSON. I made my point of order because I believe that the proposal should go to the Finance Committee or the Committee on Agriculture and Forestry. It does not belong in this bill, or under the jurisdiction of the Banking and Currency Committee.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. LANGER. Can the distinguished Senator say that it would be no more germane to deal with butter than with apples, potatoes, or any other product entirely foreign to the subject under discussion?

Mr. ANDERSON. I believe that this amendment is not germane to the bill, and I make the point of order that it is not germane.

Mr. MAGNUSON. Mr. President, may I be heard on the point of order? I anticipated that this might happen.

The amendment provides as follows:

SEC. 104. Notwithstanding the provisions of any other law, import controls of fats and oils (including oil-bearing materials, fatty acids, and soap and soap powder, but excluding petroleum and petroleum products and coconuts and coconut products), peanuts, butter, cheese, and other dairy products, and rice and rice products are necessary for the protection of the essential security interests and economy of the United States in the existing emergency in international relations, and no imports of any such commodity or product shall be admitted to the United States until after June 30, 1953, which would (a) impair or reduce the domestic production of any such commodity or product below present production levels, or below such higher levels as the Secretary of Agriculture may deem necessary in view of domestic and international conditions, or (b) interfere with the orderly domestic storing and marketing of any such commodity or product, or (c) result in any unnecessary burden or expenditures under any Government price-support program.

With respect to such products the Secretary would be able to do what he has been able to do up to date, and what he could do tonight if he wished to do it, under the present law.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. MAGNUSON. If the importation of such products would impair the defense effort, the amendment becomes germane to a defense-production bill. I cannot see why it is not germane to a defense-production bill.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. AIKEN. Is it not true that in the past few months more than 600,000 men have left the farm-labor supply? And is it not true that only 2 months ago the Secretary of Agriculture advised the Congress that the average hourly earnings of farm owners and operators in the United States were only 69 cents? How long can we continue to keep up agricultural production on a basis of 69 cents an hour, when the average factory worker is receiving \$1.48?

Mr. MAGNUSON. That may be true—

Mr. AIKEN. We cannot hold the help if we discourage farm production any further.

Mr. MAGNUSON. I am not familiar with those facts.

Mr. AIKEN. They were presented by the Secretary of Agriculture.

Mr. MAGNUSON. Any impairment of any part of the so-called defense effort would be germane to a defense production bill. This amendment deals with controls—not domestic controls, but controls which are now being exercised and have been exercised for a long time in the defense effort.

Technically perhaps the better part of legislative procedure might have been to introduce a separate measure; but I do not know what else we can do at this time.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. MAGNUSON. I respectfully submit that the amendment is germane.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. MAGNUSON. Just a moment. This amendment would apply only when the Secretary of Agriculture deemed that certain imports would impair the defense effort.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. KERR. I ask for the regular order.

The PRESIDENT pro tempore. The Chair is ready to rule. The Chair finds that the purpose of the pending bill is to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended. In section 1 it is provided:

SECTION 1. Subsections (a) and (b) of section 716 of the Defense Production Act of 1950 are amended to read as follows:

"(a) Titles I, II, III, and VII of this act and all authority conferred thereunder shall terminate at the close of June 30, 1953—

Under the circumstances, it being a Defense Production Act, and it having to

do with edibles in our country, the Chair is of the opinion that the amendment is in order. The Chair is further fortified in his opinion by the opinion of the Parliamentarian, for whom he has the greatest respect in the world. The Chair overrules the point of order.

The question is on agreeing to the amendment offered by the Senator from Washington [Mr. MAGNUSON].

The amendment was agreed to.

Mr. LEHMAN. Mr. President, I call up my amendment lettered "H," and in so doing I modify it in line 6, by striking out "(e)" and substituting in lieu thereof "(i)."

The PRESIDENT pro tempore. The Senator modifies his amendment accordingly. The clerk will state the amendment, as modified.

The CHIEF CLERK. On page 14, between lines 2 and 3, it is proposed to insert the following new subsection:

(f) Section 203 of the Housing and Rent Act of 1947, as amended, is further amended by adding at the end thereof a new subsection as follows:

"(1) After the enactment of this subsection, no applicant for controlled housing accommodations shall be denied the right to occupy such accommodations solely on the ground that the applicant has children. Any person who wilfully violates the provisions of this subsection shall, upon conviction thereof, be subject to a fine of not more than \$500 or to imprisonment for not more than 60 days, or to both such fine and imprisonment."

On page 14, line 3, strike out "(f)" and insert in lieu thereof "(g)."

On page 15, line 1, strike out "(g)" and insert in lieu thereof "(h)."

On page 15, line 5, strike out "(h)" and insert in lieu thereof "(i)."

On page 15, line 8, strike out "(i)" and insert in lieu thereof "(j)."

On page 15, line 15, strike out "(j)" and insert in lieu thereof "(k)."

Mr. LEHMAN. Mr. President, this is a simple amendment. It would make it illegal for a landlord to deny the rental of housing accommodations to any applicant solely on the ground that the applicant has children.

I think this is a most vital amendment, a most vital provision for any rent-control bill that is enacted by the Congress.

I have heard with growing distress the many recitals of difficulties encountered by people with children seeking to find adequate rental accommodations.

Advertisements for "Accommodations wanted" in any daily newspaper are almost piteous in their pleas on behalf of families with children. An increasing number of dwelling owners and landlords have been refusing to rent their accommodations to families with children.

In a time of housing shortage, in a time when there is a landlords' market, it is an obligation of Government, insofar as it regulates housing and rentals, to provide also that there shall be no discrimination in housing against families with children.

It goes without saying that this attitude on the part of landlords is antisocial, even if it is understandable from their own viewpoint—from the viewpoint of the preservation of their properties from wear and tear.

If the Government is going to control rents, if the Government is going to prevent evictions the Government should certainly exercise its authority to prevent the denial of housing on account of children.

This provision was a major feature of the rent-control bill I introduced last year. I hope that it will become part of the law this year. My amendment provides a penalty for any person who wilfully violates its provisions.

Mr. President, the only argument that has been made against this amendment is that it cannot be adequately enforced. If that is the only argument against this amendment, Mr. President, then I refer those who so argue to many other great moral principles which are also difficult to enforce.

No, Mr. President, perhaps my amendment cannot be completely enforced, but certainly it can be as adequately enforced as the similar provisions contained in previous housing legislation passed by this body. Certainly we should make it evident to the country that the Senate is willing to declare its opposition to this antisocial and intolerable discrimination against families with children. We pay our highest tribute, in speeches, to the American home and family. Here is a chance to give wings to our words, to suit our actions to our declarations.

This is not a new or revolutionary concept with regard to housing legislation. The Banking and Currency Committee has, on many occasions in the past, recommended nondiscriminatory provisions in other housing legislation and the Senate has approved these recommendations.

On the basis of these precedents and the reasons of substance I have referred to, I hope that the Senate will approve this proposal and include this basic charter of antidiscrimination against children in the rental provisions of Defense Production Act. If any provisions are vital to the social health of this Country, this is one of them.

I hope the distinguished chairman of the committee will accept the amendment.

Mr. MAYBANK. Mr. President, I wish to say that no one is more in favor of children than I am. No one has done more for housing legislation or to provide for larger apartments so that children would be cared for than I have. I will be perfectly frank in saying that the committee did not approve of the amendment. While I would be glad to take the amendment to conference, provided the Senate voted in favor of it, I cannot do it on my own responsibility, in view of the fact that the committee did not vote for it, in spite of my deep interest in children and my interest in the building of larger apartments. If I am to be instructed to do something in conference, I believe the Senate should tell me to do it.

Mr. LEHMAN. I merely wish to say that the distinguished chairman of the committee has stated very frequently yesterday and today on the floor of the Senate that he would not be willing to

support any amendment which had not been considered by the committee.

Mr. MAYBANK. That is correct.

Mr. LEHMAN. I believe this amendment was considered by the committee.

Mr. MAYBANK. The Senator is correct. The amendment was before the committee. It was discussed in committee and was considered by the committee. The committee felt that the amendment perhaps should be offered on the floor of the Senate. It was felt at the time that it was not germane to the subject which the committee was discussing. Therefore I am not in a position to take the amendment to conference unless I am instructed to do so by the Senate.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. MAYBANK. Yes.

Mr. SPARKMAN. Is it not correct to say that in several housing acts which we have reported from the committee such a provision has been written into the law?

Mr. MAYBANK. Yes. I am not questioning it. I merely wish to be consistent with what I have already said.

Mr. IVES. Mr. President, will the Senator yield?

Mr. MAYBANK. Yes.

Mr. IVES. Is it not correct to say that although the committee considered the amendment it did not turn it down?

Mr. MAYBANK. That is correct. It was suggested that the Senator from New York could offer it on the floor of the Senate. The committee did not turn it down.

Mr. IVES. The committee felt the amendment had considerable merit.

Mr. LEHMAN. The hour is very late, and I shall not prolong the debate. I believe my amendment is sound. I believe it is sound from many standpoints, but I shall not delay the Senate any longer. I ask for a vote on the amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment, as modified, offered by the Senator from New York. [Putting the question.] The "noes" appear to have it.

Mr. LEHMAN. Mr. President, I ask for a division.

Mr. DOUGLAS. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. DOUGLAS. I ask for a division.

On a division the amendment was rejected.

Mr. TAFT. Mr. President, I submit an amendment lettered K, which now is at the desk. I offer the amendment and ask that it not be read, but printed at this point in the RECORD.

There being no objection, Mr. TAFT's amendment was ordered to be printed in the RECORD, as follows:

Amendment proposed by Mr. TAFT to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, viz: On page 3, after line 4, insert the following:

"SEC. 5. Section 403 of the Defense Production Act of 1950 is amended by inserting '(a)' after '403.' and by adding at the end thereof the following new subsection:

"(b) (1) There is hereby created, in the Economic Stabilization Agency, a Wage Stabilization Board (hereinafter in this sub-

section referred to as the 'Board'), which shall be composed of members representative of the general public, members representative of labor, and members representative of business and industry. The number of offices on the Board shall be established by Executive order, but the number of members representative of the general public shall at all times exceed the aggregate of the number of members representative of labor and the number of members representative of business and industry. The number of offices on the Board for representatives of labor shall equal the number of offices on the Board for representatives of business and industry. Among the members representative of labor, at least one shall be a person who is not a representative of any organization which is affiliated with either of the two major labor organizations.

"(2) The members representative of the general public shall be appointed by the President, by and with the advice and consent of the Senate. The members representative of labor, and the members representative of business and industry, shall be appointed by the President. The President shall designate a Chairman and Vice Chairman of the Board from among the members representative of the general public.

"(3) The term of office of the members of the Board shall be 1 year, unless sooner terminated in accordance with section 716. Any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

"(4) Each member representative of the general public shall receive compensation at the rate of \$15,000 a year, and while a member of the Board shall engage in no other business, vocation, or employment. Each member representative of labor, and each member representative of business and industry, shall receive \$50 for each day he is actually engaged in the performance of his duties as a member of the Board, and in addition he shall be paid his actual and necessary travel and subsistence expenses in accordance with the Travel Expense Act of 1949 while so engaged away from his home or regular place of business. The members representative of labor, and the members representative of business and industry, shall, in respect to their functions on the Board, be exempt from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code and section 190 of the Revised Statutes (5 U. S. C. 99).

"(5) The Board shall, under the supervision and direction of the Economic Stabilization Administrator—

"(A) formulate, and recommend to such Administrator for promulgation, general policies and general regulations relating to the stabilization of wages, salaries, and other compensation; and

"(B) upon the request of (i) any person substantially affected thereby, or (ii) any Federal department or agency whose functions, as provided by law, may be affected thereby or may have an effect thereon, advise as to the interpretation, or the application to particular circumstances, of policies and regulations promulgated by such Administrator which relate to the stabilization of wages, salaries, and other compensation. For the purposes of this act, stabilization of wages, salaries, and other compensation means prescribing maximum limits thereon. Except as provided in clause (B) of this paragraph, the Board shall have no jurisdiction with respect to any labor dispute or with respect to any issue involved therein. Labor disputes, and labor matters in dispute, which do not involve the interpretation or application of such regulations or policies shall be dealt with, if at all, insofar as the Federal Government is concerned, under the conciliation, mediation, emergency,

or other provisions of laws heretofore or hereafter enacted by the Congress, and not otherwise.

"(6) Paragraph (5) of this subsection shall take effect 30 days after the date on which this subsection is enacted. The Wage Stabilization Board created by Executive Order No. 10161, and reconstituted by Executive Order No. 10233, is hereby abolished, effective at the close of the twentieth day following the date on which this subsection is enacted."

Mr. TAFT. Mr. President, I may say that the amendment relates to the Wage Stabilization Board, and attempts to set up a Wage Stabilization Board under the authority of law, instead of the one set up by the President without any authority of law.

However, the amendment opens up an entirely new subject. I do not think there is time to consider it properly tonight. Therefore, I offer the amendment only for the Record; and I now withdraw the amendment. This matter will probably come to us from the House of Representatives, where it is in the form of a separate bill, at some time in the month of July.

So, Mr. President, I withdraw the amendment.

The PRESIDENT pro tempore. The amendment of the Senator from Ohio is withdrawn.

Mr. DOUGLAS. Mr. President, I call up my amendment identified as "6-25-51-H." This amendment is proposed by me, on behalf of myself, the Senator from New York [Mr. LEHMAN], the Senator from Connecticut [Mr. BENTON], and the Senator from Michigan [Mr. MOODY].

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. On page 3, between lines 4 and 5, it is proposed to insert the following:

REPEAL OF LIMITATION ON TREBLE DAMAGE ACTIONS

SEC. 5. The second sentence of subsection (c) of section 409 of the Defense Production Act of 1950 is amended by striking out "but in no event shall such amount exceed the amount of the overcharge, or the overcharges, plus \$10,000."

Change succeeding section numbers to conform.

Mr. DOUGLAS. Mr. President, perhaps it is an indication of undue faith for me to submit the amendment, because it is designed to strengthen the bill, rather than to weaken it; and thus far every action taken both in the committee and on the floor has been an action to weaken the bill. I have no desire to inflict pain upon myself, but I think the issue on this point should be made clear.

Under the present law, in the event that there is a price overcharge, a suit may be brought either by the victim of the overcharge or, if he fails to bring a suit within 30 days, by the President or his agent.

The damages which may be collected by means of such a suit are limited to three times the amount of the overcharge, but in no event can they be more than the overcharge plus \$10,000. The latter is the important point; for this provision means that any overcharge

under \$5,000 is subject to the treble-damage penalty, but that any overcharge over \$5,000 is limited by the \$10,000 provision.

Let me give a few illustrations of that situation. If the overcharge amounts to \$1,000, the penalty is \$3,000.

If the overcharge is \$2,500, the penalty is \$7,500.

If the overcharge is \$5,000, the penalty is \$15,000.

In the foregoing illustrations, there are treble damages; but beyond that point, the \$10,000 limitation comes into effect and reduces the amount of the penalty.

For instance, if the overcharge is \$20,000, the penalty is not \$60,000 but only \$20,000 plus \$10,000, or \$30,000.

If the overcharge is \$200,000, the penalty is not \$600,000 but only \$200,000 plus \$10,000, or \$210,000.

In other words, the greater the overcharge the cheaper the penalty. Thus there is almost an incentive to bigger and better overcharges.

Mr. President, if any Senator can raise a reasonable objection as to why the punishment should not be made to fit the crime, I shall be glad to reconsider my amendment. I should like to ask, What possible objection could there be to such an amendment as this one?

Of course, it may indicate too much trust on my part, for me to think that the Senate would adopt a strengthening amendment, after we have been ripping the vitals out of the bill; but I still have hope.

Mr. MAYBANK. Mr. President, we have no recommendation from the Department of Justice in favor of such an increase in the penalties.

I hope the amendment will be rejected.

The PRESIDENT pro tempore. The question is on agreeing to the amendment submitted by the Senator from Illinois [Mr. DOUGLAS], on behalf of himself and other Senators. [Putting the question.] The "noes" appear to have it.

Mr. DOUGLAS. Mr. President, I call for a division.

On a division, the amendment was rejected.

Mr. LEHMAN. Mr. President, I call up my amendment identified as "6-26-51-K." The amendment is designed to provide authority for Government payments to encourage marginal production and to prevent price increases.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 3, between lines 4 and 5, it is proposed to insert the following:

SUBSIDIES TO MAINTAIN MARGINAL PRODUCTION

SEC. 5. (a) Section 303 of the Defense Production Act is amended by inserting between subsection (b) and subsection (c) the following new subsection:

"(c) If the President finds—

"(1) that under generally fair and equitable ceiling prices for any material, there will result a decrease in supplies from high-cost sources of such material, and that the continuation of such supplies is necessary to carry out the objectives of the act; or

"(2) that under ceilings on products resulting from the processing of agricultural commodities, including livestock, which allow a generally fair and equitable margin for such processing, certain high-cost processors

will be unable to maintain production, and that continued supplies from such processors are necessary to carry out the objectives of the act; or

"(3) that an increase in cost of production, distribution, or transportation is temporary in character and threatens to impair maximum production or supply in any area at stable prices of any materials, he may make provision for subsidy payments on any domestically produced material in such amounts and in such manner (including purchases of such material and its resale at a loss without regard to the limitations of existing law), and on such terms and conditions, as he determines to be necessary to insure that supplies from such high-cost sources or processors are continued, or that maximum production or supply in such area, at stable prices of such materials is maintained, as the case may be."

(b) Such section is further amended by redesignating subsections (c) and (d) as subsections (d) and (e).

Change succeeding section numbers to conform.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from New York.

Mr. LEHMAN. Mr. President, I believe this amendment should be adopted. It is a vital part of any sound and flexible plan of price control. This amendment would authorize the Government to expand production where and as necessary, through the assurance to marginal and high-cost producers of incentive payments—differential payments—covering the difference between the regular price ceiling and the added cost of production of the marginal, high-cost producers.

This is the only way to insure maximum production and to maintain a reasonable price ceiling.

I hasten to say that I am not proposing an across-the-board authorization for what has been called a subsidy program. Subsidies to primary agricultural producers would not be authorized under my amendment. This is not the Brannan plan in disguise. My proposal is limited in its effect to production, processing, and transportation of a marginal nature where, for some producers or for some limited aspect of transportation or processing, a differential or incentive payment is required to insure the last portion of production which would not be possible under the price ceilings in force.

This is not a revolutionary or radical idea. It was used in the last war, and used successfully. During the last war, of course, this program was much broader than the program envisioned under my amendment. It extended to agricultural products and to the primary producers of those products. I do not propose such a program at this time. It would be impossible to carry out such a program under the terms of my amendment.

This limited proposal for subsidy payments to marginal producers was recommended by the President. It was before the Banking and Currency Committee. I understand that this proposal was not given much consideration by the committee. The Farm Bureau and other farm organizations opposed it.

I say to my friends of the farm organizations, and to my friends the farmers—

for I have always been their friend—that this is a vitally important and constructive amendment which will be of inestimable benefit to the farmers as well as to every other part of the national economy.

Under the terms of my amendment, the differential payments would be available to agricultural processors, but not to primary producers. Thus, if there is any processing program in which marginal operations are being squeezed by the ceiling price, these differential payments would be available to relieve that squeeze and yet to permit a reasonable price ceiling to remain.

It is my belief that the authority proposed in this amendment could be used in the case of the high-cost cattle feeders. It would eliminate all the real justification for the complaints made against the projected roll-backs in beef prices.

The authority contained in this amendment, however, is designed principally for use in the field of strategic metals and minerals. All of us know that in the production of copper, lead, zinc, and tungsten, the majority of the producers can operate profitably at a much lower price than the marginal producers can. In some mines the cost of production for mining the ore from the marginal deposits is vastly greater than the cost of production in the ordinary or average deposits.

The result is that in order to make it profitable to mine the high-cost or low-grade deposit, we have, in the absence of the authority contained in this amendment, been required to set a price geared to the high cost of production in the marginal deposits.

This is especially true in the case of individual mines whose deposits are largely or even entirely of the low-grade and therefore of the high-cost type.

I need only briefly recall the experience we had in the last war with copper. My colleagues from the copper-producing States know of that experience in greater detail than I. The Government paid a subsidy of 5 cents per pound to get the high-cost copper mines into operation, but we were thus able to maintain a ceiling price of 12 cents a pound for ordinary production. The copper-incentive-payment program cost the Government \$10,000,000. Without those incentive payments the price ceiling would have had to be set at 17 cents a pound. The spread between 12 cents and 17 cents for the total production would have cost \$280,000,000. Thus, through this program we saved \$270,000,000.

I do not have the figures on lead and zinc, but I understand that they follow the same pattern.

I am aware that there is authority in the present act—and there would be authority in the law if the pending bill were approved without any amendment, for the Government purchase and resale of certain strategic minerals and metals. This authority is utterly inadequate for the basic purpose.

While under this authority the Government can buy from high-cost producers and resell at the ceiling price, this is such a cumbersome procedure and

so fraught with difficulty that the inevitable tendency is to set the price at the higher level and let the low-cost producer reap the profit to the detriment of the Government and of the consuming public. This was recently true in the case of tungsten when a price of 65 cents a pound was set, although ordinary producers could make a profit at 48 cents a pound.

Mr. President, if we are going to have price control, if we are going to control prices, and protect this country against inflation and at the same time stimulate production where needed, the authority to make these incentive payments must be provided.

This authority can, of course, be abused, but it can be controlled through appropriations and, moreover, all delegations of authority can be abused. It is an insufficient argument against the grant of authority.

If we are going to be honest with the American people, if we are going into this fight against inflation to win, this amendment provides a necessary weapon.

Mr. President, I yield the remainder of my time to my distinguished colleague, the Senator from Connecticut [Mr. BENTON].

Mr. MALONE. Mr. President, will the Senator from New York yield?

Mr. LEHMAN. If I have time, at the conclusion of the remarks of my colleague, I shall be pleased to yield to the Senator from Nevada.

Mr. MALONE. It will take only 5 seconds.

Mr. THYE. Mr. President, how much time has the Senator from New York to yield?

The PRESIDENT pro tempore. The Senator from New York has 9 minutes.

Mr. BENTON. I yield to the Senator from Nevada for the 5 seconds.

Mr. MALONE. I should simply like to call the attention of the distinguished Senator from New York to the fact that the policy of the Government has already closed 75 percent of the mines which were producing strategic and critical minerals and materials; that the absolute policy for 18 years has been to buy foreign materials, not domestic materials, and that that is the reason for our having nothing in the stockpile.

Mr. BENTON. A few moments ago I was talking about the words "collectivism" and "socialism." May I suggest that this amendment poses another semantic difficulty for us in the Senate, because of its use of the word "subsidy." It is a bad word, an ominous word. It is a word none of us like. It is a symbol we want to oppose; and, by the necessary use of this word in this amendment, it tends to conceal the problem which the amendment is designed to meet. I fear that many Senators may tend to oppose this amendment because, along with the distinguished Senator from New York and myself, they cannot stomach the word "subsidy." I congratulate the Senator from New York in having used the phrase "incentive payment" in his presentation of the amendment. If we had attached to this proposed amendment a nice word like "parity," about which the distin-

guished Senator from Wyoming was speaking last night, it would have a better chance of receiving the favorable attention it deserves.

Mr. President, some of those who had the greatest experience with the problem of price control and economic stabilization in the last war are residents of my State. Notable among them, of course, is Governor Bowles, former chief of the wartime OPA. In his remarkable letter to the Senator from Illinois [Mr. DOUGLAS] of May 31, 1951, which is in the record of our hearings, he called for incentive payments totaling annually about \$1,600,000,000, as a part of his realistic six-point program to stabilize the economy and to hold prices. I think most of us would agree that if we could get stabilization for \$1,600,000,000, or for anything remotely like it, it would be a very cheap price to pay. I may say that many of Governor Bowles' associates in the OPA, including many distinguished business leaders, directors of great corporations, and outstanding Republicans, agree with him as to the need of authority for subsidies if we are to put ourselves in a position to meet emergencies that may lie ahead in our efforts to stabilize the economy.

I am sure that if they had known the kind of bill the Senate would be putting through in the past 2 days, the kind of restrictions being written into it, and the various difficulties being placed in the way of our administrative officers who are supposed to control prices, they would have felt that the need for authority for a subsidy program was much greater.

I should like to remind the Senate that during the war a total of \$4,000,000,000 was put into subsidies, during a 32 months' period, when prices were successfully held to a rise of only 2½ percent. In view of the fact that virtually 50 percent of our total production was devoted to the war effort, this stability of prices is a most remarkable record. Many students of the problem think that the \$4,000,000,000 which we put into subsidies saved tens of billions of dollars. Certainly it was better to take \$4,000,000,000 from the taxpayers in subsidies than to take tens of billions from their household budgets through higher prices.

Mr. President, I have learned that there was great and widespread difference of opinion among administrative leaders prior to the submission of their recommendations on the Defense Production Act last May, as to whether to request authority for a major subsidy program, if events proved it was needed. I believe that if they had foreseen the kind of deal they now seem likely to get, there would have been little difference of opinion, and that they would have demanded that authority, if only to keep the record straight.

However, the amendment we are now discussing does not call for the granting of any general authority for a subsidy program. It merely calls for authority to maintain marginal production. Mr. Wilson and his associates will have to run another gauntlet, even if the Senate adopts this amendment. They will have to come to Congress to get the

money, when and as they decide that they want to subsidize marginal production. Of course, I favor giving them the authority at least to come to the Congress to make their case and ask for the money, if they think this is the way to save large sums of money for the American taxpayers and the American consumers.

I should like to take copper as an example, and I shall comment briefly, if I may, before I finish, on the point raised by the Senator from Nevada. But, as he knows, copper is a very, very short commodity in my State, which processes more copper than does any other State in the Union; in fact, Waterbury, Conn., calls itself the "brass center of the world." Many plants in my State are closed down today for lack of copper, or are working on short shifts, with great loss to our economy.

Which makes the more sense? Does it make more sense to raise the price of copper in order to stimulate production—so that we may get the copper to these plants—and by doing so to provide all copper producers, even those who are now earning a very substantial profit, with a still greater and possibly highly inflated profit? Does that make more sense, or does it make more sense to hold copper prices firm and at the same time, to provide incentive for the extra production to develop a subsidy program for the time marginal mines which, with a subsidy, could now go to work and produce the extra copper we need?

Here we have an excellent example of a product on which, if we want to stimulate production, a marginal subsidy is a far cheaper way to get the job done than is a general subsidy, and far more in the interest of the American consumer than a higher price.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. BENTON. I yield to the Senator from Vermont.

Mr. AIKEN. How is it that the Government now permits Chilean copper producers to be paid 4 cents a pound more than American copper producers are paid? Would we not produce more copper in this country if the users were permitted to pay as much for American copper as for Chilean copper? There is a differential of 4 cents a pound involved.

Mr. BENTON. Of course there are a few laws on our books which I think better illustrate the contradictory character of some of our legislation and the long-term folly of the 4 cents a pound extra tax which we levy as Chilean copper comes into this country. I think it is in the form of an excise tax, and not a tariff. I favor repealing the tax. I do not favor raising the price of all copper 4 cents because we have this stupid destructive tax.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BENTON. I yield.

Mr. TAFT. There is no tariff on copper today. The duty on copper has been entirely suspended. We are paying Chile 28 cents a pound and paying our producers 24 cents. We are making our processors pay two different prices, 23

cents for Chilean copper and 24 cents for American copper.

Mr. BENTON. Mr. President, may I address a question to the Senator from Ohio? Does the Senator favor the extra 4 cents a pound price for Chilean copper?

Mr. TAFT. I certainly do not favor paying Chilean producers more than we are paying American producers.

Mr. BENTON. We are in complete agreement, if the Senator agrees with me that we should bring down the price of Chilean copper by eliminating the tax instead of raising the price of American copper. Whether it is because of an excise tax or a tariff it seems to me the height of folly for us to be taxing imports of foreign copper on any basis whatsoever.

Mr. ROBERTSON. Mr. President, the chairman of the committee yielded to me his time.

Mr. BENTON. Mr. President, has my time expired?

The PRESIDENT pro tempore. It has expired.

Mr. ROBERTSON. Mr. President, the Senator from New York [Mr. LEHMAN] said he did not think the committee gave much consideration to this amendment. I admit that it did not take us until midnight to decide that we did not want it, but we gave plenty of consideration to it. All the farm groups were against it; all the business groups were against it; no one knew what it would cost. Some said it would cost \$2,000,000,000, some said it would cost \$4,000,000,000, and some said, "We do not know how much it will cost, or how long it will last."

The Secretary of the Treasury testified before the Finance Committee this morning that he would be faced with a deficit within 60 days. The distinguished Senator from Connecticut says we can stabilize our economy in a period of deficit by borrowing \$4,000,000,000 and helping to pay the food bill of the Nation. Our committee does not endorse that proposition, and I do not think the Senate will endorse it.

I yield back the remainder of my time with the hope that we can get a vote on this amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from New York [Mr. LEHMAN]. [Putting the question.]

The amendment was rejected.

Mr. THYE. Mr. President, I call up my amendment "6-27-51-L" and ask that it be stated.

The PRESIDENT pro tempore. The clerk will state the amendment offered by the Senator from Minnesota.

The LEGISLATIVE CLERK. On page 3, between lines 4 and 5, it is proposed to insert the following new section:

APPROVAL BY SECRETARY OF AGRICULTURE OF CEILING PRICES FOR MILK OR BUTTERFAT

SEC. . Section 402 (d) (3) of the Defense Production Act of 1950 is amended by adding at the end thereof the following: "No ceiling prices to producers for milk or butterfat used for manufacturing dairy products shall be issued until and unless the Secretary of Agriculture shall determine that such prices are reasonable in view of the price of

feeds, the available supplies of feeds, and other economic conditions which affect the supply and demand for dairy products, and will insure a sufficient quantity of dairy products and be in the public interest. The prices so determined shall be adjusted by him for use, grade, quality, location, and season of the year."

Mr. THYE. Mr. President, I offer the amendment, which provides that before ceiling prices are issued, the Secretary of Agriculture shall determine that such prices are reasonable and equitable. I think it is a safe amendment, and for that reason I shall not take another minute to discuss it.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. THYE]. [Putting the question.] The "noes" seem to have it.

Mr. THYE. I ask for a division, Mr. President.

Mr. LONG. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Hendrickson	McMahon
Anderson	Hennings	Millikin
Bennett	Hickenlooper	Monroney
Benton	Hill	Moody
Brewster	Hoey	Morse
Bricker	Holland	Mundt
Bridges	Humphrey	Neely
Butler, Md.	Ives	Nixon
Butler, Nebr.	Jenner	O'Mahoney
Byrd	Johnson, Colo.	Pastore
Cain	Johnson, Tex.	Robertson
Capehart	Kefauver	Saltonstall
Carlson	Kerr	Schoepfel
Case	Kilgore	Smith, Maine
Clements	Knowland	Smith, N. J.
Connally	Langer	Smith, N. C.
Dirksen	Lehman	Sparkman
Douglas	Lehman	Stennis
Duff	Long	Taft
Dworshak	Magnuson	Thye
Eastland	Malone	Tobey
Ellender	Maybank	Underwood
Ferguson	McCarran	Welker
Frear	McCarthy	Wherry
George	McClellan	Wiley
Green	McFarland	Williams
Hayden	McKellar	Young

The PRESIDENT pro tempore. A quorum is present.

The question is on the amendment offered by the Senator from Minnesota [Mr. THYE]. [Putting the question.]

Mr. THYE. Mr. President, I ask for a division.

The PRESIDENT pro tempore. All in favor of the amendment will rise and remain standing until counted.

Mr. THYE. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Iowa [Mr. GILLETTE], the Senator from Wyoming [Mr. HUNT], the Senator from Maryland [Mr. O'CONOR], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

The Senator from South Carolina [Mr. JOHNSTON] is absent on official committee business.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on official business, having been appointed a representative of our Government to

attend the International Labor Conference being held in Geneva, Switzerland.

The Senator from Florida [Mr. SMATHERS] is absent because of illness.

Mr. SALTONSTALL. I announce that the Senator from Montana [Mr. ECTON], the Senator from Vermont [Mr. FLANDERS], and the Senator from Massachusetts [Mr. LODGE] are absent on official business. If present and voting, the Senator from Massachusetts [Mr. LODGE] would vote "nay."

The Senator from Pennsylvania [Mr. MARTIN] is absent because of illness.

The Senator from Oregon [Mr. CORDON] and the Senator from Utah [Mr. WATKINS] are detained on official business.

The result was announced—yeas 29, nays 52, as follows:

YEAS—29

Aiken	Hendrickson	Mundt
Bennett	Hickenlooper	Nixon
Bricker	Ives	Smith, Maine
Bridges	Jenner	Thye
Butler, Nebr.	Johnson, Colo.	Tobey
Cain	Knowland	Welker
Capehart	Langer	Wherry
Carlson	Malone	Wiley
Ferguson	McCarthy	Young
Frear	Millikin	

NAYS—52

Anderson	Hill	Monroney
Benton	Hoey	Moody
Brewster	Holland	Morse
Butler, Md.	Humphrey	Neely
Byrd	Johnson, Tex.	O'Mahoney
Case	Kefauver	Pastore
Clements	Kerr	Robertson
Connally	Kilgore	Saltonstall
Dirksen	Lehman	Schoepfel
Douglas	Long	Smith, N. J.
Duff	Magnuson	Smith, N. C.
Dworshak	Maybank	Sparkman
Eastland	McCarran	Stennis
Ellender	McClellan	Taft
George	McFarland	Underwood
Green	McKellar	Williams
Hayden	McMahon	

NOT VOTING—15

Chavez	Gillette	Murray
Cordon	Hunt	O'Conor
Ecton	Johnston, S. C.	Russell
Flanders	Lodge	Smathers
Fulbright	Martin	Watkins

So Mr. THYE's amendment was rejected.

Mr. WHERRY. Mr. President, I send to the desk an amendment which I ask to have stated.

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, after line 14, it is proposed to insert the following paragraph:

(5) No ceilings shall be established or maintained on products resulting from the processing of cattle and calves, lambs and sheep, and hogs, the processing of each species being separately considered, which do not allow for a reasonable margin of profit to each segment of the processing industry as a group on each such species.

Mr. WHERRY. Mr. President, I shall detain the Senate for only a few minutes. I think every Senator is acquainted with this amendment. It is the so-called Barkley-Bates amendment which was adopted during the war. If I am not mistaken, I believe it was offered last year by the chairman of the Banking and Currency Committee and the junior Senator from Nebraska.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. MAYBANK. The Senator is correct. If the Senator desires to have me take the amendment to conference I will take it to conference, without any obligation to be committed in the conference.

Mr. WHERRY. I deeply appreciate that.

Mr. MAYBANK. I took it to conference last time, and we tried to agree upon a provision. We reported some sections of the amendment which were satisfactory. I shall be glad to take it to conference.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. DOUGLAS. As I understand, this amendment requires a profit on each species of animals—cattle, calves, lamb, sheep, and hogs.

Mr. MAYBANK. The Senator is mistaken.

Mr. WHERRY. It applies to the meat, not to the animals.

Mr. DOUGLAS. Not to the slaughtering?

Mr. WHERRY. This amendment applies to nonslaughterers, or those engaged in processing the meat. It provides that a fair and equitable price shall be allowed, so that a ceiling will not be imposed which would require a processor to fold up his business.

Mr. DOUGLAS. But on each—

Mr. WHERRY. Just a moment. In arriving at the price, the amendment provides that the processor shall not be required to take his profits from all segments of his business, but shall have a profit in each department. Formerly, for example, if pork lost money, the profit had to be made up on something else.

Mr. DOUGLAS. There must be a profit on each species?

Mr. WHERRY. Yes.

Mr. DOUGLAS. How would the Senator distribute the overhead as between a hog and a steer, or as between a lamb and a chicken?

Mr. WHERRY. To begin with, these nonslaughterers do not process chickens. I am sure of that. So the chicken argument is just chicken.

Mr. DOUGLAS. I might rejoin that the amendment of the Senator from Nebraska is a different type of bird.

Mr. WHERRY. I am not talking about Trojan steers, or female steers, or any other kind of steers, I will say to the Senator from Illinois.

Mr. KERR. As I understand, the Senator is not talking about anything but livestock or poultry.

Mr. WHERRY. Did the Senator ask me to yield?

Mr. KERR. No. Will the Senator yield for a question?

Mr. WHERRY. I will yield for a question.

Mr. KERR. I asked the Senator—

Mr. WHERRY. What is it the Senator would like to know?

Mr. KERR. Does the amendment comprehend any other kind of livestock besides steers, lambs, hogs, or poultry? Is there any other classification besides either poultry or livestock?

Mr. WHERRY. This amendment contemplates only what is in its provisions, and it is a sensible amendment.

I do not know what kind of livestock the Senator is talking about; I do not know what is in his mind; but I do know that the provisions of the Barkley-Bates amendment are sound.

This question arose when the distinguished Senator from New Mexico was Secretary of Agriculture. We found that ceilings were placed which drove non-slaughterers out of existence. That was one of the things which helped to create the black market, and the Barkley-Bates amendment did a great deal to alleviate that condition. The Small Business Committee heard not only tens and scores, but hundreds of small-business men who asked for relief. This amendment would afford the necessary relief.

Mr. President, I did not quite understand what the distinguished chairman of the committee said. Did he say that he would take the amendment to conference?

Mr. MAYBANK. Mr. President, last year when this question was before us, the Senator from Nebraska and I offered an amendment which I took to conference. I shall be glad to take this amendment to conference, without any responsibility.

Mr. WHERRY. I thank the Senator. Mr. President, I should like to have a voice vote on the amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Nebraska. [Putting the question.]

Mr. WHERRY. Mr. President, I ask for a division.

On a division the amendment was agreed to.

The PRESIDENT pro tempore. The bill is open to further amendment.

Mr. SPARKMAN. Mr. President, I offer the amendment which I send to the desk. I have heretofore proposed this amendment. It is the only amendment I have. It is lettered "J."

The PRESIDENT pro tempore. The amendment will be stated. It is a very lengthy amendment.

Mr. SPARKMAN. There is a copy on the desk of every Senator. I ask unanimous consent that the reading of the amendment may be dispensed with.

The PRESIDENT pro tempore. And that it be printed in the RECORD?

Mr. SPARKMAN. And that it be printed in the RECORD.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. SPARKMAN. Mr. President, I desire to modify the amendment by striking from it lines 12 through 23 on page 5, and by relettering subsequent subsections properly.

The PRESIDENT pro tempore. The Senator has a right to modify his amendment. Without objection, the amendment offered by the Senator from Alabama will be printed in the RECORD at this point.

The amendment offered by Mr. SPARKMAN is as follows:

On page 3, between lines 4 and 5, insert a new section and renumber succeeding sections accordingly:

"Sec. 5. Section 701 of the Defense Production Act of 1950 is amended to read as follows:

"Sec. 701. (a) (1) It is the sense of the Congress that small-business concerns be encouraged to make the greatest possible contribution toward achieving the objectives of this act. In order to carry out this policy there is hereby created an agency under the name "Small Defense Plants Administration" (hereinafter referred to as the Administration), which Administration shall be under the general direction and supervision of the President. The principal office of the Administration shall be located in the District of Columbia, but the Administration may establish such branch offices in other places in the United States as may be determined by the Administrator of the Administration. For the purposes of this section, a small-business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation. The Administration, in making a detailed definition, may use these criteria, among others: Interdependency of ownership and operation, number of employees, dollar volume of business, and nondominance in its field.

"(2) The Administration is authorized to obtain money from the Treasury of the United States, for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of \$50,000,000 outstanding at any one time. For this purpose appropriations not to exceed \$50,000,000 are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Administration from the revolving fund when requested by the Administration. This revolving fund shall be used for the purposes enumerated subsequently in section 701 (b) (1) (B), (C), (D), and (E). Reimbursements made to the Administration under these operations shall revert to the revolving fund for use for the same purposes.

"(3) The management of the Administration shall be vested in an Administrator who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be a person of outstanding qualifications known to be familiar and sympathetic with small-business needs and problems. The Administrator shall receive compensation at the rate of \$17,500 per annum. The Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator. The Administrator is authorized to appoint two Deputy Administrators to assist in the execution of the functions vested in the Administration. Deputy Administrators shall be paid at the rate of \$15,000 per annum.

"(4) The Administration shall not have succession, beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to an act of Congress. It shall have power to adopt, alter, and use a seal, which shall be judicially noticed; to select and employ such officers, employees, attorneys, and agents as shall be necessary for the transaction of business of the Administration; to define their authority and duties, require bonds of them, and fix the penalties thereof. The Administration, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself of the use of information, services, facilities, including any field service thereof, officers, and employees thereof in carrying out the provisions of this section.

"(5) All moneys of the Administration not otherwise employed may be deposited with the Treasurer of the United States subject to check by authority of the Administration or in any Federal Reserve bank. The Federal Reserve banks are authorized and directed to act as depositories, custodians, and fiscal agents for the Administration in the general performance of its powers con-

ferred by this act. All insured banks, when designated by the Secretary of the Treasury, shall act as depositories, custodians, and financial agents for the Administration.

"(b) (1) Without regard to any other provision of law except the regulations prescribed under section 201 of the First War Powers Act, 1941, as amended, the Administration is empowered—

"(A) to recommend to the Reconstruction Finance Corporation loans or advances, on such terms and conditions and with such maturity as the Reconstruction Finance Corporation may determine on its own discretion, to enable small-business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to finance research, development, and experimental work on new or improved products or processes; or to supply such concerns with capital to be used in the manufacture of articles, equipment, supplies, or materials for defense or essential civilian purposes; or to establish and operate technical laboratories to serve small-business concerns; such loans or advances to be made or effected either directly by the Reconstruction Finance Corporation or in cooperation with banks or other lending institutions through agreements to participate in insurance of loans, or by the purchase of participations, or otherwise;

"(B) to enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating the Administration to furnish articles, equipment, supplies, or materials to the Government;

"(C) to arrange for the performance of such contracts by letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts; and

"(D) to provide technical and managerial aids to small-business concerns, by maintaining a clearinghouse for technical information, by cooperating with other Government agencies, by disseminating information, and by such other activities as are deemed appropriate by the Administration.

"(2) In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent to perform any specific Government procurement contract to be let by any such officers, such officer shall be authorized to let such procurement contract to the Administration upon such terms and conditions as may be agreed upon between the Administration and the procurement officer.

"(c) (1) Whoever makes any statement knowing it to be false, or who willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administration, or for the purpose of obtaining money, property, or anything of value, under this section, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than 2 years, or both.

"(2) Whoever, being connected in any capacity with the Administration (A) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (B) with intent to defraud the Administration or any other body politic or corporate, or any individual, or to deceive any

officer, auditor, or examiner of the Administration makes any false entry in any book, report, or statement of or to the Administration, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (C) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Administration, or (D) gives any unauthorized information concerning any future action or plan of the Administration which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Administration shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than 5 years, or both.

"(d) (1) It shall be the duty of the Administration and it is hereby empowered, to coordinate and to ascertain the means by which the productive capacity of small-business concerns can be most effectively utilized for national defense and essential civilian production.

"(2) It shall be the duty of the Administration and it is hereby empowered, to consult and cooperate with appropriate governmental agencies in the issuance of all orders limiting or expanding production by, or in the formulation of policy in granting priorities to, business concerns. All such governmental agencies are required, before issuing such orders or announcing such priority policies, to consult with the Administration in order that small-business concerns will be most effectively utilized in the production of articles, equipment, supplies and materials for national defense and essential civilian purposes.

"(e) The Administration, shall have power, and it is hereby directed, whenever it determines such action is necessary—

"(1) to make a complete inventory of all productive facilities of small-business concerns which can be used for defense and essential civilian production or to arrange for such inventory to be made by any other governmental agency which has the facilities. In making any such inventory, the appropriate agencies in the several States shall be requested to furnish an inventory of the productive facilities of small-business concerns in each respective State if such an inventory is available or in prospect;

"(2) to consult and cooperate with officers of the Government having procurement powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

"(3) to obtain information as to methods and practices which Government prime contractors utilize in letting subcontracts and to take action to encourage the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable.

"(4) to take such action authorized under this section, as is necessary to provide small-business concerns with an adequate incentive, excluding subsidies, to engage in defense and essential civilian production and to facilitate the conversion and equipping of plants of small-business concerns for such production;

"(5) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises, which are to be designated "small-business concerns" for the purpose of effectuating the provisions of this section;

"(6) to certify to Government procurement officers with respect to the competency, as to capacity and credit, of any small-business concern or group of such

concerns to perform a specific Government procurement contract;

"(7) to obtain from any Federal department, establishment, or agency engaged in defense procurement or in the financing of defense procurement or production such reports concerning the letting of contracts and subcontracts and making of loans to business concerns as it may deem pertinent in carrying out its functions under this act;

"(8) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply, whenever it appears that any small business is unable to obtain materials for defense or essential civilian production from its normal sources;

"(9) to make studies and recommendations to the appropriate Federal agencies to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns to effectuate the defense program or for essential civilian purposes;

"(10) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from such agencies;

"(11) to establish such advisory boards and committees wholly representative of small business as may be found necessary to achieve the purposes of this section.

"(f) (1) The Congress has as its policy that a fair proportion of the total purchases and contracts for supplies and services for the Government shall be placed with small-business concerns. To effectuate such policy, small-business concerns within the meaning of this section shall receive any award or contract or any part thereof as to which it is determined by the Administration and the contracting procurement agencies (A) to be in the interest of mobilizing the Nation's full productive capacity, or (B) to be in the interest of the national defense program, to make such award or let such contract to a small-business concern.

"(2) Whenever materials or supplies are allocated by law, a fair and equitable percentage thereof shall be made available to the Administration, to be allocated by it to small plants unable to obtain the necessary materials or supplies from usual sources. Such percentage shall be determined by the head of the lawful allocating authority after giving full consideration to the claims presented by the Administration.

"(3) Whenever the President invokes the powers given him in this act to allocate, or approve agreements allocating, any material, to an extent which the President finds will result in a significant dislocation of the normal distribution in the civilian market, he shall do so in such a manner as to make available, so far as practicable, for business and various segments thereof in the normal channel of distribution of such material a fair share of the available civilian supply based, so far as practicable, on the share received by such business under normal conditions during a representative period preceding June 24, 1950: *Provided*, That the limitations and restrictions imposed on the production of specific items should give due consideration to the needs of new concerns.

"(g) The Administration shall make a report every 90 days of operations under this title to the President, the President of the Senate, and the Speaker of the House of Representatives. Such report shall include the names of the business concerns to whom contracts are let, and for whom financing is arranged, by the Administration, together with the amounts involved, and such report shall include such other information, and such comments and recommendations, with respect to the relation of small-business concerns to the defense effort, as the Administration may deem appropriate.

"(h) The Administration is hereby empowered to make studies of the effect of price,

credit, and other controls imposed under the defense program and whenever it finds that these controls discriminate against or impose undue hardship upon small business, to make recommendations to the appropriate Federal agency for the adjustment of controls to the needs of small business.

"(i) The Reconstruction Finance Corporation is authorized to make loans and advances upon the recommendation of the Small Defense Plants Administration as provided in (b) (1) (A) of this section not to exceed an aggregate of \$100,000,000 outstanding at any one time, on such terms and conditions and with such maturities as Reconstruction Finance Corporation may determine.

"(j) The President may transfer to the Administration any functions, powers, and duties of any department or agency which relates primarily to small-business problems.

"(k) No loan shall be recommended or equipment, facilities, or services furnished by the Administration under this section to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Administration the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administration for the assistance of any sort, and the fees paid or to be paid to any such persons, and (2) execute an agreement binding any such business enterprise for a period of 2 years after any assistance is rendered by the Administration to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within 1 year prior thereto, shall have served as an officer, attorney, agent, or employee of the Administration occupying a position or engaging in activities which the Administration shall have determined involve discretion with respect to the granting of assistance under this section.

"(l) In administering this act, such exemptions shall be provided for small-business enterprises as may be feasible without impeding the accomplishment of this act.

"(m) In administering this act, special provision shall be made for the expeditious handling of all requests, applications, or appeals from small-business enterprises.

"(n) Such business advisory committees shall be appointed as shall be appropriate for purposes of consultation in the formulation of rules, regulations, or orders, or amendments thereto issued under authority of this act, and in their formation there shall be fair representation for independent small-, for medium-, and for large-business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry.

"(o) To the fullest extent the Administration deems practicable, it shall make a fair charge for the use of Government-owned property and make and let contracts on a basis that will result in a recovery of the direct costs incurred by the Administration.

"(p) There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this section."

Mr. SPARKMAN. Mr. President, I should like to speak very briefly on this amendment.

Mr. BRICKER. Mr. President, will the Senator yield before he begins?

Mr. SPARKMAN. I yield.

Mr. BRICKER. Is not this the amendment which was stricken from the bill, in substance, and did we not agree to begin hearings on it next Monday, and report it within a period of three weeks?

Mr. SPARKMAN. That is correct. I intend to develop that fact in the course of my remarks.

Mr. President, on June 4 I offered substantially this same amendment, with 55 Senators as cosponsors. I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a list of the Senators who joined me in sponsoring this amendment on June 4.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Mr. O'CONNOR, Mr. LONG, Mr. GILLETTE, Mr. HUMPHREY, Mr. HUNT, Mr. BENTON, Mr. TOBEY, Mr. SALTONSTALL, Mr. THYE, Mr. HENDRICKSON, Mr. SCHOEPPPEL, Mr. DUFF, Mr. AIKEN, Mr. ANDERSON, Mr. BRIDGES, Mr. BUTLER of Nebraska, Mr. CAIN, Mr. CAPEHART, Mr. CARLSON, Mr. CASE, Mr. CHAVEZ, Mr. CLEMENTS, Mr. DOUGLAS, Mr. FLANDERS, Mr. GREEN, Mr. HENNINGSON, Mr. HILL, Mr. HOEY, Mr. IVES, Mr. JENNER, Mr. KEFAUVER, Mr. KERR, Mr. KILGORE, Mr. LANGER, Mr. LEHMAN, Mr. MAGNUSON, Mr. MCCARTHY, Mr. MCMAHON, Mr. MALONE, Mr. MARTIN, Mr. MONRONEY, Mr. MOODY, Mr. MORSE, Mr. MUNDT, Mr. MURRAY, Mr. NEELY, Mr. NIXON, Mr. O'MAHONEY, Mr. PASTORE, Mr. SMATHERS, Mrs. SMITH of Maine, Mr. SMITH of New Jersey, Mr. STENNIS, and Mr. UNDERWOOD.

Mr. SPARKMAN. The able Senator from Ohio [Mr. BRICKER] has made some reference to the fact that this amendment was stricken from the bill in committee. I wish to comment very briefly on that statement.

The amendment was taken up in the committee, and it was first voted into the bill by a vote, as I recall, of 10 to 2. I think there was one member not voting. The vote may have been 10 to 3, if all the members of the committee voted.

On the second day, at the next meeting of the committee, the committee reversed itself by a vote of 7 to 6, because of a letter which had been received from the Comptroller General, Mr. Lindsay Warren, making certain suggestions for amendments; also letters from the Defense Departments and from the Munitions Board.

Mr. President, because of the urgency of giving some kind of relief to small businesses throughout the country which are literally starving because of lack of scarce materials and failure to obtain defense contracts, we got together with the various agencies and departments and worked out the changes which they had suggested. I have before me a letter from Mr. Stuart Symington, of the RFC, from which I desire to read very briefly.

We are in complete agreement with the general ideas contained in the small business amendment to the Defense Production Act which you intend to introduce.

I have a letter from Mr. J. D. Small, Chairman of the Munitions Board. He writes:

I wish to express my appreciation for the opportunity afforded me to examine your revised bill which would create a Small Defense Plant Administration. It is my understanding that you will introduce this bill as an amendment to the Defense Production Act of 1950.

I have looked at the revised bill, and in addition members of my staff and representatives of the military departments have gone over the various provisions of the bill

with representatives of your staff. It is our feeling that the bill as now revised is a substantial improvement over an earlier draft along the lines of the bill reported out by the House Banking and Currency Committee. As you know, I had fundamental objections to the bill as originally drafted, as did the representatives of the military departments.

Then he sets forth what his objections were to the earlier bill. He continues:

Your revised bill has eliminated these objectionable features and in addition has been modified to meet certain other objections which the representatives of the military departments communicated to your staff. As a result the bill now has the dual virtue of setting up a mechanism which can be of genuine assistance to small business enterprises during the mobilization effort, and at the same time preserves the integrity of the procurement functions of the Government. Its enactment into law warrants consideration.

I have a letter from the Comptroller General, Mr. Lindsay Warren. He writes:

The draft—

Referring to the bill—

incorporates the changes which I recommended in my letter of June 18, 1951, to the chairman, Senate Banking and Currency Committee, on the proposed amendment to create a Small Defense Plants Corporation.

I am gratified that the new proposed amendment creates the agency on a non-corporate basis, and that all other suggestions of major importance which I made in my letter of June 18, 1951, are incorporated in the new proposal.

If Congress determines as a matter of policy to create an independent agency with such broad powers to handle small-business problems in the national defense effort, the general approach as proposed in the new draft is satisfactory insofar as the General Accounting Office is concerned.

I wish to read an excerpt from a letter from the Honorable Charles Sawyer, the Secretary of Commerce. He writes:

I find myself wholeheartedly in accord with the objective sought by Senator SPARKMAN and other Senators in introducing the amendment to section 701 of the Defense Production Act of 1950. It is of the utmost importance not only to mobilize the productive facilities of small business for effective use in this time of emergency so as to broaden the productive base but also to preserve small business during this period of mobilization when it is impossible or difficult for small, independent businessmen to obtain the materials they require to maintain them as effective units in our civilian economy. Small business comprises nearly 90 percent of our business establishments, employs nearly half of our nonagricultural workers, and handles over one-third of the total volume of business. I strongly believe that there is need for additional statutory provisions for assistance to small business at the present time.

In my opinion the need for additional legislation is immediate. I feel definitely that the statutory authority can be conferred best by an appropriate amendment to the Defense Production Act of 1950. There are many plans and worthy programs which could be undertaken immediately upon the passage of the proposed amendment. I would regret such further delay as would be required by the extensive hearings and the other time-consuming aspects involved in the enactment of a separate bill.

I yield 2 minutes to the Senator from Massachusetts.

Mr. SALTONSTALL. Mr. President, as I understand, the amendment in its present form provides substantially the same administration as was provided in World War II for the assistance of small business. Am I correct?

Mr. SPARKMAN. The Senator is absolutely correct. It is patterned after that legislation.

Mr. SALTONSTALL. It involves an appropriation for a revolving fund of \$50,000,000.

Mr. SPARKMAN. That is correct.

Mr. SALTONSTALL. Its success would depend largely on the type of man who was chosen as its administrator. Is that correct?

Mr. SPARKMAN. I believe the Senator is correct.

Mr. SALTONSTALL. I am receiving a great many requests from small-business men who wish to get into the war business. What we are trying to do in the Select Committee on Small Business is to help that situation. Is it the feeling of the Senator from Alabama that the proposal would revive the administration which was so successful in World War II, and that it should be revived at this time?

Mr. SPARKMAN. The Senator is correct. Every small-business organization I know of testified in favor of the measure. I may say further that, as the Senator well knows, the amendment was originally offered in the form of a separate bill, at which time it was sponsored by the entire membership of the Select Committee on Small Business.

Mr. MUNDT and Mr. LANGER addressed the Chair.

Mr. SPARKMAN. I first yield to the Senator from South Dakota.

Mr. MUNDT. I was one of the cosponsors of the amendment, and I am therefore in favor of it. However, there was some confusion previously, and I wish the Senator would explain the purport of the sections which have been eliminated by the latest amendment.

Mr. SPARKMAN. I will do so in a few words. We had a provision, which was in the Smaller War Plant Corporation Act during the Second World War, relating to the building of plants and facilities. The Senate expressed itself on the Benton amendment with reference to big business. I thought it was only proper for us to take the provision out as it related to small business.

Mr. MUNDT. I agree thoroughly.

Mr. SPARKMAN. I now yield to the Senator from North Dakota.

Mr. LANGER. May I ask how much the average loan amounted to during World War II?

Mr. SPARKMAN. I have the information. Unfortunately, I do not have it with me. It was very small.

Mr. LANGER. Would the Senator say it was below \$50,000?

Mr. SPARKMAN. Yes. I think it will be found that the average loan was below \$25,000. Two-thirds of the loans were below \$25,000. I now yield to the Senator from Minnesota.

Mr. THYE. I should like to ask a question of the Senator. If the amend-

ment prevails, will the personnel in the Department of Commerce which is now aiding small business be transferred so that it can be consolidated into a new division, and would the same thing be done with any other department in which there is personnel which is engaged in assisting small business? Would such personnel be incorporated into a new division, so that the businessman would know where to go to make contacts, and thus bring about economy in the personnel of the other divisions by the establishment of a co-ordinated division under the terms of the proposed amendment?

Mr. SPARKMAN. The Senator is correct. Sometime ago the able chairman of our committee introduced a bill to provide for the coordination of small business activities. It was largely incorporated in this bill. The purpose would be to coordinate all the small-business activities. Today, as the Senator well knows, they are mushroomed in many different agencies of the Government.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. KNOWLAND. I should like to ask a question relative to the revolving fund. The able Senator from Nevada [Mr. McCARRAN] brought to the attention of the Appropriations Committee in another matter a revolving fund which was relatively small but out of which many millions of dollars had finally been taken. Is this to be an open-end revolving fund, or will it be limited to \$50,000,000?

Mr. SPARKMAN. It is limited to \$50,000,000, and its only purposes are those described in the amendment, such as handling contracts.

Mr. KNOWLAND. The total amount could in no case exceed \$50,000,000?

Mr. SPARKMAN. That is correct.

Mr. KNOWLAND. In the case presented by the Senator from Nevada it was, as I recall, there was supposed to have been a \$300,000 revolving fund. I forget the figure the Senator from Nevada mentioned, which came out of the Treasury.

Mr. McCARRAN. Sixty-six million dollars.

Mr. KNOWLAND. Sixty-six million dollars finally came out of the Treasury.

Mr. SPARKMAN. This is a fixed sum, and it is a revolving fund.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. SPARKMAN. Yes.

Mr. AIKEN. We have been told that the Committee on Banking and Currency contemplates holding hearings on the proposed amendment in bill form next week. May I ask the Senator from Alabama whether, in the event the Senate adopts the amendment tonight, the committee will proceed with the hearings next week, or would the hearings be called off? Would the Senator base all his reliance on having the amendment attached to the bill which is now before the Senate, and would the hearings be called off if the amendment should be adopted tonight?

Mr. SPARKMAN. There are various other measures which are pending before the Committee on Banking and Currency relating to small business. We plan to hold the hearings regardless.

Mr. AIKEN. The Senator would hold the hearings on measures relating to small business?

Mr. SPARKMAN. That is correct.

Mr. AIKEN. I merely wished to make sure that if the Senate adopts the amendment tonight, it being then attached to a rather dubious bill with a very dubious future, whether we would still have the hearings on the bill itself next week.

Mr. SPARKMAN. Yes; we plan to go right on with the hearings.

Mr. MAYBANK. Mr. President, I simply wish to make certain that there is no mistake in the understanding of Senators that the hearings will begin commencing Monday morning.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield, to permit the Senator from New York to request an insertion in the RECORD.

Mr. LEHMAN. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement which I have prepared in regard to this amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR LEHMAN ON SMALL DEFENSE PLANTS

Perhaps the thorniest problems I have faced during the past 6 months are those brought to me by the businessmen of my State, particularly the businessmen who operate businesses classed as "small."

Our new production goals have made it necessary to allocate certain scarce materials in order to channel these materials into defense production. The production of many lines of civilian goods has been either curtailed or completely discontinued because of these shortages. Businessmen who have found their supplies cut off have sought to obtain defense contracts as the only available means of staying in business. To a great extent, they have been unable to secure either prime contracts or subcontracts. To be forced out of business during a period when our country is enjoying its greatest prosperity, with the knowledge that a handful of large companies are backlogged with billions of dollars of defense orders is certainly a just cause for complaint.

This situation has been brought about by a variety of factors—the desire of the defense agencies to do a difficult job as rapidly as possible—perhaps a laxity or indifference among certain procurement officers and an overreliance upon our few gigantic industrial concerns to carry us through this emergency. Regardless of what these causes are, the fact remains that to a great extent the productive capacity of small businesses is being ignored.

And while we are ignoring this idle capacity we are, on the other hand, expanding our productive capacity chiefly for those businesses which have already obtained defense contracts. We are doing this by means of very substantial Government aid.

I say that to disregard and ignore a substantial portion of our productive capacity in this fashion is wasteful and unjust. The amendment which the junior Senator from Alabama has offered would, in my opinion, correct this situation and certainly utilize

the productive capacity of thousands of small businesses.

I urge its approval.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MAGNUSON. Mr. President, as the Senator from Alabama well knows, some time ago the Senator from Alabama, myself, the Senator from West Virginia [Mr. KILGORE], the Senator from New York [Mr. LEHMAN], and the Senator from Minnesota [Mr. HUMPHREY] sent to the distinguished chairman of the Banking and Currency Committee [Mr. MAYBANK] a letter in regard to this very matter. I think it entirely pertinent for me to ask unanimous consent to have that letter printed in the RECORD at this point.

Mr. MAYBANK. Mr. President, I may say that I find that 55 Senators have sponsored the amendment. During the hearings I referred to it, in order that Senators who are interested in this matter and who have sponsored it might have their interest in it and sponsorship of it acknowledged and respected.

The point is that hearings have not been had on the amendment. Therefore, we have set the hearings on it to begin next Monday.

Mr. MAGNUSON. Mr. President, I merely wish to ask unanimous consent to have the letter to which I have referred printed at this point in the body of the RECORD.

Mr. MAYBANK. Of course I have no objection to having that done.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

HON. BURNET R. MAYBANK,
Chairman, Committee on Banking and Currency, United States Senate.

DEAR SENATOR: The mobilization effort contains two ingredients which will prove deadly to small business unless effective antidotes are devised and used. First, there is the inclination on the part of procurement agencies to do business with the "big firm"—an inclination motivated by the natural desire to accelerate the job by placing 1 order instead of 10. Second, there is the irresistible impulse to staff an agency with men from big business—an impulse stimulated in part by big business itself; an impulse made irresistible by the fact that men with the required "know how" are more readily obtained from the ranks of big business.

The latter ingredient may prove the more deadly. Too often, the small-business man coming to Washington for a priority, a certificate of necessity or a contract, finds across the desk from him the former employee of his most powerful competitor.

The force for destroying small business contained in these two ingredients is so potent as to demand immediate and even drastic countermeasures. A mere Small Business Executive Committee in the Defense Production Administration cannot effectively combat the compulsion to do business with big business. In our judgment, nothing short of a revived, modernized Smaller War Plants Corporation will suffice.

To illustrate our point, we discuss briefly in the following paragraphs the effect on small business of practices—all permeated and aggravated by the ingredients just cited.

MATERIAL SHORTAGES

A single order, M-7, of the National Production Authority was a potential death

warrant for some 10,000 of the 14,000 small aluminum fabricators of the Nation. Execution of this order has been postponed 30 days. But the life of these small manufacturers—most of them established since the end of World War II—is still in jeopardy.

Were they able to obtain war contracts or subcontracts, they would have a claim on available aluminum supplies. Under present procedure, however, there is little likelihood of relief from this direction.

In 18 to 24 months there will be positive improvement in the aluminum supply situation. By that time new plants with total capacity of 450,000 tons per year are scheduled to come into production.

Meantime the national interest demands that small aluminum users be kept alive. Collectively, they are a vital part of our producing potential. Geographically dispersed, they represent the capacity on which we might be forced to rely in the event of all-out bombing. These are the "shadow" plants which could mean the difference between victory and defeat.

What can be done from the supply side to prevent the destruction of small companies, presently fabricating aluminum articles for civilian uses, but capable of converting to war production? A significant part of the answer may be found in a thorough examination of where supplies are going.

Aluminum is going into finished articles of war, into company inventories, and into Government stockpile. The latter two need thorough analysis.

Larger manufacturers have capital and borrowing power to finance a stockpiling program of their own. This, we believe, they are doing, first, to protect themselves on contracts already in hand; and second, to be in a favored position to bid on future military orders. Though the motives are understandable, they should not be condoned. Private stockpiling must be controlled, must be brought into a reasonable balance with actual need.

At the same time large manufacturers began building excessive inventories, and just when the flow of aluminum into finished war matériel reached a tempo consonant with announced goals, the Munitions Board entered the market to purchase for stockpile. This combination of demands, partly artificial, led National Production Administration to issue Order M-7—and against this combination, small manufacturers cannot protect themselves. Their space is limited, their capital is inadequate, and banks are loath to lend to small business for inventory expansion.

Another facet of the demand combination needs mention. There is strong suspicion among some NPA personnel that the military could do a far better job of scheduling its requirements. There is too much evidence of the voiced military attitude, "No general was ever court-martialed for having too much."

We urge: That our stockpiling policies be thoroughly reviewed; that a crack down on excess inventories be instituted; that military orders and delivery schedules be re-examined; that until new aluminum plants come into production, the possibility be considered of keeping alive small aluminum fabricators from the stockpile.

What is happening to aluminum supplies and to small users thereof, as cited here, is symptomatic of what is happening in other segments of the economy. Details may differ, the principle and danger are the same.

PROCUREMENT—DEFENSE CONTRACTS

In the Defense Production Act of 1950, we said, "It is the sense of the Congress that small-business enterprises be encouraged to make the greatest possible contribution toward achieving the objectives of this act." Our intentions were good, but what is the score?

In the first half of 1950 small business obtained, from defense agencies, 24.8 percent of procurement awards. In January 1951 they received only 16.6 percent. Their share, in direct orders from the Government, dropped over 40 percent.

More than 90 percent of military purchases are being made on a negotiated basis; less than 10 percent on advertised bids. Smaller firms are at great disadvantage in negotiating with procurement officers, or in even knowing what items are to be purchased.

This disadvantage is reflected in the following facts. In January of this year, small business got 34 percent of the total advertised contracts and only 13 percent of the negotiated orders.

The advertised procurements were announced by the Department of Commerce and information was available at all Commerce field offices. But when only 10 percent of the total Government procurements are advertised—are exposed to small-business men—the value of this procedure vanishes along with those who are supposed to benefit thereby.

In World War II, prime contracts to small businesses rose from 12.8 percent of the total to 30 percent. This reflected the activities and influence of the Smaller War Plants Corporation. It is doubtful if small business would have participated directly in war production to the full extent achieved, without the help of this specialized Government agency.

The flexibility of small plants, the direct supervision of owner-managers, the ingenuity for which small manufacturers are justly renowned, contribute an economy and speed to production which larger manufacturers find it difficult to match. Yet it is the inclination of the larger manufacturers to keep within their own plants as much as possible of the manufacturing process.

We are deeply concerned that while smaller manufacturers are hungry for business, with idle machines, tools, and manpower, large corporations are getting Government financing and tax relief for substantial expansion of their facilities—facilities which will be devoted to making items that smaller manufacturers could produce more quickly and probably at lower cost.

Within the past few weeks the NPA and DPA Administrators have taken action to protect the idle capacity of small firms against unnecessary expansion of large plant facilities. Too, the Department of Defense has recently issued a new policy designed to increase participation of small manufacturers in prime and subcontracts. Such statements of policy reflect needed correction in existing practices. It does not follow necessarily, however, that the practices will be corrected.

To insure the desired broadening of participation in defense procurements, a small businesses instrumentality—such as Smaller War Plants Corporation—is clearly necessary.

FINANCIAL ASSISTANCE

Experience in World War II indicates that the power to lend to small manufacturers, and guarantee bank loans, is vital to a successful program to bring small business into the defense effort. All independent studies testify that one of small business' chief problems is to obtain working and equity capital. This difficulty has been accentuated by the sharp rise in prices.

Smaller War Plants Corporation, in its short existence, made loans of over \$500,000,000. Losses were negligible. In addition, SWPC gave aid to hundreds of small businesses, in their negotiations with private lending agencies. This aid was a vital factor in securing loans from private sources. The influence of the Corporation, backed by its power to make direct loans if necessary, probably far outweighed in importance the loans it actually made.

CONCLUSION

Creation of a specialized agency, clothed with power and responsibility to spread war work among small business, was too long delayed in World War II. In consequence, small firms failed; their producing capacity was lost to the mobilization effort, and economic power was concentrated in the hands of fewer corporations.

This time the Nation confronts a "readiness" period of indeterminate duration. If nature is left to take her course, mortality among small business is certain to reach disastrous proportions.

As we stated in our first paragraphs, an effective antidote must be devised and used. We, therefore, urge your committee to institute immediate hearings on the two Smaller War Plant Corporation bills, S. 533 and S. 833.

In the meantime we believe you, properly, could join us in requesting that the executive agencies—thoroughly review stockpiling policies; crack down on excess inventories; reexamine military orders and delivery schedules—all to insure that no business is unnecessarily put out of business by lack of essential materials.

Sincerely,

WARREN G. MAGNUSON,
HARLEY M. KILGORE,
HERBERT H. LEHMAN,
HUBERT H. HUMPHREY,
JOHN J. SPARKMAN,
United States Senators.

Mr. SPARKMAN. Mr. President, how much time have I remaining?

The PRESIDENT pro tempore. The time of the Senator from Alabama has expired.

Mr. BRICKER. Mr. President, I ask unanimous consent that I may be permitted to ask the Senator several questions in regard to the amendment. Hearings have not been held on it.

I grant that the pending amendment has been greatly improved over the bill being considered by the committee. However, there are two matters about which I should like to ask questions of the Senator, if I may obtain unanimous consent for that purpose. It will take me only a minute or two to do so.

*The PRESIDENT pro tempore. Is there objection to the unanimous-consent request of the Senator from Ohio?

Mr. CAPEHART. Mr. President, we shall have 15 minutes for this purpose, shall we not, if the Senator from South Carolina [Mr. MAYBANK] will allocate for that purpose the time available to him in connection with the amendment?

Mr. MAYBANK. I shall be glad to do so, Mr. President. First, I wish to point out that the bill as it came before the committee was sponsored or sign by 55 Senators. A subcommittee has been appointed to hold hearings on the bill, and the Senator from Alabama will be chairman of the subcommittee. He assures me that he will begin the hearings on Monday. If there has been any change in the position taken by the Secretary of Commerce, since the other hearings were held, and such change can be stated at the forthcoming hearings.

However, Mr. President, so far as I am concerned, the Senator from Alabama will begin the hearings on Monday. In the meantime, some proposed legislation in regard to this matter might come to us from the House of Representatives.

I now yield the remainder of my time to the Senator from Ohio and other Sen-

ators who wish to ask questions, with the distinct understanding that I will take the amendment to conference and will see whether we can work it out there, provided that the Senator from Alabama commences hearings on the measure beginning the coming Monday morning.

Mr. BENTON. Mr. President, I should like to ask a question of the Senator from Ohio: Does he recall a colloquy between himself and me, at the committee meeting, which led in part to the appointment by the chairman of the committee of the subcommittee; and in line with the question asked by the Senator from Vermont, would the Senator feel that the hearings on the Defense Plants Corporation should continue in line with the earlier comments of the Senator from Indiana, even if this amendment is adopted and is incorporated into the pending bill?

Mr. BRICKER. Mr. President, I remember that the discussion was had, but I can see no advantage to holding hearings on the amendment if it is to be incorporated into this bill.

Of course there are other aspects of small business which should engage the attention of the committee, and on which we should proceed; but I can see no advantage to holding hearings on the amendment next week, if it is adopted now as a part of the bill.

Mr. BENTON. I concede that; but does the Senator recall that hearings are to be held on the bill to give authority to the President to set up a Defense Plants Corporation?

Mr. BRICKER. That is true.

Mr. BENTON. Now I should like to ask the Senator from Indiana about that matter.

Mr. CAPEHART. The Senator from Connecticut is correct.

Mr. MAYBANK. Mr. President, I should like to say that hearings will be held on this amendment and on the defense-plants measure.

Mr. BENTON. I thank the Senator. Mr. MAYBANK. It is distinctly understood that hearings should be held on both.

Mr. BENTON. That is the point I wish to stress.

Mr. MAYBANK. And I suggest that the amendment I had also be considered.

Mr. BRICKER. Mr. President, I think it is a little inconsistent to adopt the amendment to this bill and then hold hearings on it next week.

Mr. MAYBANK. I am only stating the decision made by the committee.

Mr. BRICKER. But I still insist that it is perfectly absurd for the amendment to be adopted tonight to this bill, and then for hearings to be held on the amendment next week and the week after that. Such an arrangement does not make sense to me.

Mr. President, not in opposition to the amendment, but by way of explanation, I wish to ask two questions about the amendment. In paragraph "(B)" on page 5—

Mr. SPARKMAN. Mr. President, "(B)" and "(C)" were stricken out.

Mr. BRICKER. That change further improves the amendment and the bill, in my judgment.

Mr. SPARKMAN. Yes; "(B)" and "(C)" have been stricken out.

Mr. BRICKER. Then, in regard to "(D)", the amendment authorizes the Administration "to enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating the Administration to furnish articles, equipment, supplies, or materials to the Government."

Am I to understand from that provision that it is an authorization to the Administration to enter into contracts with any department of the Government for the supplying of any materials, articles, equipment, or supplies, which the Government or any department or agency thereof may desire?

Mr. SPARKMAN. That is true, but it enters into that contract in the sense of being an agent for small businesses, the purpose being that whereas the procurement agency might have one large contract which it did not care to break into smaller parts, the Administration might break that one large contract into smaller contracts, and thereby broaden the base, as was done during the war.

Mr. BRICKER. Of course, in that respect the Administrator becomes the agent of the various departments of the Government for the purposes of procuring what they need from the small-business concerns, and to use the money in the revolving fund for that purpose.

Mr. SPARKMAN. That is correct.

The PRESIDENT pro tempore. The question is on agreeing to the amendment submitted by the Senator from Alabama [Mr. SPARKMAN] in behalf of himself and other Senators. (Putting the question.)

The ayes have it, and the amendment is agreed to.

SEVERAL SENATORS. Division.

The PRESIDENT pro tempore. The result has already been announced.

Mr. LONG. Mr. President, I call up my amendment, which is at the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. At the proper place in the bill, it is proposed to insert the following:

SECTION 1. That the sum of \$50,000,000 is hereby authorized to be appropriated as an emergency fund to be expended under the direction of the Secretary of the Army and the supervision of the Chief of Engineers in the immediate construction of river and harbor and flood-control improvements required in the interest of national defense: *Provided*, That any such improvement, or a useful part thereof, can be substantially completed in one fiscal year: *And provided further*, That pending the appropriation of said sum, the Secretary of the Army may allot, from existing river and harbor and flood-control appropriations, such sums as may be necessary for the immediate prosecution of such improvements, those appropriations to be reimbursed from the appropriation herein authorized when made.

SEC. 2. Funds provided pursuant to this act shall be expended on any river and harbor or flood-control improvement only after certification by the Office of Defense Mobilization of the importance of said project to national defense.

Mr. LONG. Mr. President, I believe I can very briefly explain this amendment

if the Senate will just give me its attention for a few minutes. Under the Defense Production Act and the other acts implementing the act, we have given the Defense Mobilizer, Mr. Charles Wilson, vast powers to mobilize the Nation for national defense. His powers include the right to approve certifications for new defense plants, with accelerated amortization to get those plants constructed, in order to give us the essential war materials we need. That has even gone to the extent of permitting the rehabilitation of certain railroads vital to defense, and also, under the act, the President and the Defense Mobilizer have the right to provide facilities for plants which are constructed for the defense effort.

The amendment I am offering in connection with that would make it possible for the Defense Mobilizer, upon the advice of the Chief of Engineers, to permit various projects, which would immediately contribute to the defense, to be constructed with funds which Congress appropriates for flood-control and navigation work. That would amount to about 8 percent of the funds which we are appropriating, which amount to approximately \$600,000,000 a year for flood control and navigation, to be used to further defense projects.

I should like to give one example of how this money could be used. We have plants such as the \$1,000,000,000 establishment which will be built near Trenton, where additional navigational facilities are needed in order for that steel plant to become fully effective. Money could be allotted from such appropriations as Congress makes, in order to make that plant fully effective for the defense effort.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. LONG. I shall yield in a moment. There are in Iowa the Keokuk locks, which are very vitally needed, in order to permit the shipment of grain, fuel, and various heavy products, which need to be moved back and forth in that area. If those locks should fail, we are told it would create a very serious problem so far as our defense effort is concerned in the movement of materials.

In my own State, on the Atchafalaya River, if we merely dredged it for a few miles, a project which I am sure will be authorized and approved in the long run, it could shorten the movement of fuel by barge from Texas and the southeastern part of Louisiana into the Southwest by 100 miles. It would save 4 days on the round trip in the hauling of fuels and the heavy materials from that area.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Illinois.

Mr. DIRKSEN. I would like to suggest to the Senator from Louisiana that, in my very considered and humble judgment, this amendment is subject to a point of order. It is vague in its relationship to the Defense Production Act. I do not think it is either relevant or germane to what is before us; and, at the appropriate time, Mr. President, I shall want to make a point of order against it.

Mr. LONG. I shall be glad to discuss the point of order whenever the Senator desires to make it.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Vermont.

Mr. AIKEN. As I read this amendment, it would authorize the expenditure of \$50,000,000 on projects which have not been approved by the Congress.

Mr. LONG. It would go that extent, when approved by the Defense Mobilizer.

Mr. AIKEN. Am I correct in understanding that, under this amendment, the entire \$50,000,000 could be used to start work on the St. Lawrence seaway?

Mr. LONG. No; it could not, because the Senator will notice that the amendment provides that the project would have to be one which could be completed within a specified time. The Senator will notice that it says the project, or a useful segment thereof, would have to be one which could be completed within 1 year.

Mr. AIKEN. Could not a useful segment of the St. Lawrence seaway be completed within 1 year?

Mr. LONG. I do not believe the Senator would find that the \$50,000,000 would make it possible to complete a useful segment of the St. Lawrence seaway within a year.

Mr. AIKEN. Is it not the most important waterway in the United States, so far as national defense is concerned?

Mr. LONG. I do not believe the Senator would find that that could be done. In fact, that point was carefully considered in drafting this amendment, and I believe the Senator would find it impossible.

Mr. AIKEN. Does the Senator from Louisiana hope that the \$50,000,000 would be spent on the New Orleans ship canal, a canal which has not been authorized by the Congress?

Mr. LONG. No; the Senator from Louisiana does not believe that it could be spent on such a project as the New Orleans ship canal.

Mr. AIKEN. Does the Senator from Louisiana hope that the \$50,000,000, or a substantial part thereof, would be spent on improvements in the lower Mississippi Valley?

Mr. LONG. I would hope that some small portion thereof might be spent on improvements in the lower Mississippi Valley. As a matter of fact, the Senator from Louisiana would hope that as much as \$400,000 of the \$50,000,000 might be spent on the lower Mississippi Valley.

Mr. AIKEN. And the rest of it could be used in starting the St. Lawrence seaway; is that correct?

Mr. LONG. No; the Senator from Louisiana did not have that in mind, and he believes that that would not be possible. I should be willing to modify this amendment, and I do modify it, to reduce the amount to \$25,000,000; but I believe that there are a large number of projects, many of which would require only a small amount of money, and which, rather than to go through the usual process of proceeding step by step and requiring several years to get the author-

ization, going before the various legislative committees of Congress, and then going before the Appropriations Committees to get the appropriations, a process which usually takes several years, we should be able to expedite when, in the opinion of the Defense Mobilizer, such projects would immediately contribute to the national defense. I have had it pointed out to me several times, and it is my understanding that if the Defense Mobilizer, or members of his staff, properly authorized, had been called, they would have approved this amendment, and that the same thing would have been the case with respect to the Army engineers had they been asked for advice on the subject.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Vermont.

Mr. AIKEN. I wish to express my appreciation of the Senator's willingness to give up \$25,000,000, and I desire to say that we, the people of the northeastern area of the United States, would be willing to give up the other \$25,000,000. [Laughter.]

Mr. DIRKSEN. Mr. President, a point of order.

Mr. MAYBANK. Mr. President, how much time has the Senator?

The PRESIDENT pro tempore. The Senator from South Carolina has 5 minutes.

Mr. MAYBANK. I do not need 5 minutes. The distinguished Senator from Louisiana appeared before the committee and made a plea. He sent his amendment there, but the committee, itself, felt that it was not appropriate to this bill. I am not suggesting anything to the distinguished President pro tempore, but we felt that it was not appropriate, as the Senator from Illinois and the Senator from Ohio know, because this is a matter for the Army engineers. It is a civil defense matter, and, much as we would like to expedite things for Louisiana and for the lower Mississippi River, which I believe the Army engineers have been inclined to do, nevertheless, that is not our business in connection with this bill.

Mr. DIRKSEN. Mr. President, I renew my point of order.

Mr. LONG. Mr. President, I submit that this is an amendment which would be for the benefit of the entire United States, and I believe Senators would find that, if the amendment should be adopted, the lower Mississippi Valley and the State of Louisiana would be among the smallest beneficiaries of it. It is intended to benefit the entire United States. There would not be unusually large benefits, so far as my State is concerned.

Mr. DIRKSEN. Mr. President, I renew my point of order on the ground that it is ungermane and irrelevant to the bill which is before us, and, in addition thereto, that it provides for an allotment out of moneys already appropriated, and, therefore, constitutes a reappropriation of funds. In my considered opinion, it is out of order.

Mr. LONG. Mr. President, I should like to argue the point of order for a

moment. I should first like to refer to the Defense Production Act, section 303, which provides:

When in his judgment it will aid the national defense, the President is authorized to install additional equipment, facilities, processes, or improvements to plants, factories, and other industrial facilities owned by the United States Government, and to install Government-owned equipment in plants, factories, and other industrial facilities owned by private persons.

I refer the Chair to the fact that the projects referred to are defined so broadly by this act that the section includes practically everything except a private house; and, that being the case, the President would actually have the right under section 303, to authorize the dredging of a canal or a tunnel.

Mr. McCLELLAN. Mr. President, will the Senator yield for a question?

Mr. LONG. I yield to the Senator from Arkansas.

Mr. McCLELLAN. What does the Senator propose under this authorization, which is not already authorized?

Mr. LONG. I would point out to the Senator that there are projects authorized in the interest of the national defense, which, when the Defense Mobilizer thinks it necessary, could be immediately expedited; and there are other projects which are not authorized, and which would require a considerable period of time in order to be authorized, which the Defense Mobilizer would probably feel should not be undertaken immediately.

Mr. McCLELLAN. That is the very point. Congress would authorize many projects. The Senator is proposing that instead of Congress authorizing them, we place the power in one individual. Is not that what the Senator proposes?

Mr. LONG. That is correct. I would point out that we have to trust some person with authority to issue billions of dollars in amortization. It would amount to less than 1 percent in order to expedite certain navigation projects.

Mr. McCLELLAN. I ask the Senator, in view of all that Congress has authorized but which has not yet been appropriated for, whether we should now delegate power to some other authority, to one individual, to supersede the Congress in determining such questions?

Mr. LONG. I think this would be supplemental to the work Congress does. It seems to me we have delegated a great amount of power which involves great trust.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. CAPEHART. Would the money be available for such situations as exist at Vincennes, Ind.? In Vincennes there are half a dozen plants making war materials. A flood wall is needed there very badly. If there were a flood at Vincennes it would overflow the factories which are making war materials. Would the War Mobilizer be justified, under this amendment in appropriating \$400,000 to build a flood wall at Vincennes?

Mr. LONG. If, in his opinion, it would contribute to national defense, he could

use the money for building a flood-control wall of that type.

Mr. CAPEHART. If there should be a flood there, and the factories making war materials should be flooded, the wall would certainly contribute to the national defense.

Mr. LONG. I would point out along that line that there have been illustrations of that type brought to my attention by Army engineers and also by the Defense Mobilizer, where hundreds of millions of dollars are involved.

Mr. MAYBANK. Mr. President, I call for the regular order.

The PRESIDENT pro tempore. The Chair sustains the point of order upon the advice of our able Parliamentarian.

Mr. FREAR. Mr. President, I call up my amendment "6-26-51-J" and ask that it be stated.

The PRESIDENT pro tempore. The clerk will state the amendment offered by the Senator from Delaware.

The LEGISLATIVE CLERK. On page 3, after line 4, it is proposed to insert the following:

STATE REPRESENTATION IN REGIONAL OFFICES

Sec. 5. Section 703 (b) of the Defense Production Act of 1950 is amended by adding at the end thereof the following: "There shall be included among the policy-making officers of each regional office administering the authority conferred by title IV of this act a resident of each State served by such office whose governor requests such representation."

Mr. FREAR. Mr. President, my amendment is very simple. All it does is to provide that any State in which there is not located a regional office of OPS may, upon request of the Governor, have a representative at the policy-making level. There is no additional cost to the Government. The amendment does not offend anyone. It contains no booby traps; it does not affect automobiles, peanuts, or popcorn. I suggest to the Members of the Senate that all those who are in favor of the amendment vote very audibly, and that those who are opposed to it speak just as softly as is possible.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Delaware. [Putting the question.] The Chair is in doubt.

Mr. FREAR. Mr. President, I ask for a division.

On a division, the amendment was agreed to.

The PRESIDENT pro tempore. Are there any further amendments? If not—

Mr. LONG. Mr. President, I move that the Senate reconsider the vote by which the amendment relating to quotas on livestock was adopted yesterday. I should like to yield my time on this subject to the Senator from New Mexico [Mr. ANDERSON], who has some additional information which he has acquired since yesterday.

(At this point, at about 2 a. m., Friday, June 29, 1951, the printing of the proceedings of the Senate for Thursday, June 28, 1951, was suspended, to be continued in the next issue of the RECORD.)

NOMINATIONS

Executive nominations received by the Senate June 28 (legislative day of June 27), 1951:

DIPLOMATIC AND FOREIGN SERVICE

Francis P. Matthews, of Nebraska, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Ireland.

DEPARTMENT OF THE NAVY

Dan A. Kimball, of California, to be Secretary of the Navy.

IN THE AIR FORCE

The following-named officers for promotion in the United States Air Force, under the provisions of sections 502 and 510, Officer Personnel Act of 1947. Those officers whose names are preceded by the symbol (X) have been examined and found physically qualified for promotion. All others are subject to physical examination required by law.

To be colonels

UNITED STATES AIR FORCE

Cronau, Robert Theodore, 685A.
X Voeller, Charles Henry, 805A.
Browning, William Webb, 18103A.
Elkins, Marshall Allen, 952A.
X Jacobsen, Earl Harold, 966A.
McCormack, James, Jr., 17981A.
Jung, Charles Elmer, 1037A.
Black, Richard Thomas, 1192A.
Barrett, Wallace Conrad, 1245A.
X Tally, Emmett Murchison, Jr., 1312A.
X Ocamb, Lawrence Bruin, 1315A.
Gunn, James Alexander, 3d, 1318A.
Donohew, Jack Norman, 1319A.
Stevenson, John Dudley, 1320A.
Ohman, Nils Olof, 1321A.

Robbins, Asher Burtis, Jr., 1324A.
Snouffer, William Noel, 1326A.
X Klocko, Richard Phillip, 1327A.
Batjer, John Francis, 1328A.
X Wade, Kenneth Sayre, 1329A.
Griffin, Robert William, 1331A.
X Barden, Richard Risley, 1332A.
Russell, Edwin Allen, Jr., 1333A.
Fellows, Richard William, 1334A.
Holloway, Bruce Keener, 1336A.
Preston, Maurice Arthur, 1337A.
McElroy, Ivan Wilson, 1338A.
Clark, Alan Doane, 1340A.
Herman, Robert Hensley, 1341A.
Hall, Linscott Aldin, 1342A.
Agee, Sam Wilkerson, 1346A.
Taylor, Robert, 3d, 1347A.
X Shields, John Thomas, 1348A.
Low, Curtis Raymond, 1349A.
Broadhurst, Edwin Borden, 1350A.
Westover, Charles Bainbridge, 1351A.
Gurney, Samuel Charles, Jr., 1352A.
Dorney, Harvey Charles, 1353A.
X Scheidecker, Paul William, 1354A.
Harrison, Charles Junious, 1355A.
X McDonald, William Emmett, 1356A.
X Ulricson, John Russell, 1357A.
Hippis, William Grover, 1358A.
Gray, Marshall Randolph, 1360A.
Sanborn, Kenneth Oliver, 1363A.
Stark, Charles Williams, 1366A.
X Magoffin, Morton David, 1367A.
Posey, James Theo, 1369A.
Smith, Willard Wright, 1374A.
Ewbank, John Nelson, Jr., 1381A.
Gibbs, Jack Alban, 1384A.

MEDICAL

Lentz, Emmert Carl, 19079A.
Lane, Frank Hugh, 19080A.
X Jensen, Marshall Nelson, 19081A.
Schindler, John Andrew, 19082A.
Brownton, Sheldon Seymour, 19083A.
Reeder, Oscar Samuel, 19085A.
Pohl, Louis Keller, 19093A.
Strickland, Benjamin A., Jr., 19097A.
Bedwell, Theodore Cleveland, Jr., 19101A.
Cook, William Ferrall, 19117A.

DENTAL

Hampson, John Castle, 18834A.
Tvrdy, Henry Joseph, 18838A.
Craig, Charles William George, 18841A.
Johnson, Robert Donald, 18851A.
Reuter, Walter John, 18857A.

VETERINARY

Kester, Wayne Otho, 18976A.

MEDICAL SERVICE

Buel, Jack, 19377A.

CHAPLAINS

Davidson, James Robert, Jr., 18692A.
Poch, Martin Carl, 19552A.
Propst, Cecil Loy, 18702A.

NOTE.—Dates of rank will be determined by the Secretary of the Air Force.

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The Senators from Nebraska [Mr. BUTLER and Mr. WHERRY], the Senator from Wisconsin [Mr. McCARTHY], and the Senator from Utah [Mr. WATKINS] are detained on official business.

On this vote the Senator from New York [Mr. Ives] is paired with the Senator from Rhode Island [Mr. PASTORE]. If present and voting the Senator from New York would vote "yea," and the Senator from Rhode Island would vote "nay."

Also, on this vote the Senator from Wisconsin [Mr. McCARTHY] is paired with the Senator from South Carolina [Mr. MAYBANK]. If present and voting, the Senator from Wisconsin would vote "yea," and the Senator from South Carolina would vote "nay."

The result was announced—yeas 28, nays 30, as follows:

YEAS—28

Bricker	Byrd	Case
Butler, Md.	Capehart	Dirksen

Douglas
Duff
Dworshak
Eastland
Ferguson
Flanders
Frear
Hendrickson

Anderson
Carlson
Chavez
Clements
Cordon
Ecton
Hayden
Hennings
Hill
Hunt

Aiken
Bennett
Benton
Brewster
Bridges
Butler, Nebr.
Cain
Connally
Ellender
Fulbright

Hoey
Holland
Kem
Knowland
Langer
Millikin
Mundt
Nixon

NAYS—30

Johnson, Colo.
Johnson, Tex.
Johnston, S. C.
Kerr
Kilgore
Magnuson
Malone
McFarland
McKellar
Monroney

NOT VOTING—38

George
Gillette
Green
Hickenlooper
Humphrey
Ives
Jenner
Kefauver
Lehman
Lodge

O'Connor
Schoeppel
Smith, Maine
Taft
Thye
Williams

Smith, N. J.
Smith, N. C.
Sparkman

Tobey
Watkins
Welker

Wherry
Wiley

So Mr. DOUGLAS' amendment to the committee amendment was rejected.

RECESS TO MONDAY

Mr. McFARLAND. I move that the Senate stand in recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 4 o'clock and 29 minutes p. m.) the Senate took a recess until Monday, July 23, 1951, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate July 20 (legislative day of June 27), 1951:

ASSISTANT TO THE SECRETARY OF DEFENSE

Frank C. Nash, of the District of Columbia, to be Assistant to the Secretary of Defense, Mutual Defense Assistance, vice Maj. Gen. James H. Burns, resigned.

House of Representatives

FRIDAY, JULY 20, 1951

The House met at 11 o'clock a. m.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

O Thou whose grace and goodness are universal, impartial, and everlasting, we pray that we may be more worthy and appreciative of our blessings.

Grant that our beloved country may be rich and great not only in the possession and power of material resources but in the lofty principles of righteousness and justice, of freedom and fraternity, and of loyalty and obedience to Thy divine will.

We beseech Thee that the life of our citizens may be rooted more firmly in the moral and spiritual realities which alone will enable us to remain strong and steadfast in times of crisis and confusion.

Inspire us with a greater respect and reverence for the laws which Thou hast ordained and revealed and may we believe that they are as binding upon the state as upon the individual.

Hear us in the name of our blessed Lord in whom we find cleansing from sin, comfort in sorrow, faith for today, and hope for the unknown future. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Landers, its enrolling clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 2416. An act relating to exclusion from gross income of income from discharge of indebtedness.

The message also announced that the Senate insists upon its amendments to the foregoing bill; requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BYRD, Mr. KERR, Mr. JOHNSON of Colorado, Mr. MILLIKIN, and Mr. TAFT to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 630. An act to suspend until August 15, 1951, the application of certain Federal laws with respect to an attorney employed by the Senate Committee on Labor and Public Welfare.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 11) entitled "An act to provide for the appointment of conservators to conserve the assets of persons of advanced age, mental weakness, not amounting to unsoundness of

mind, or physical incapacity"; requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. PASTORE, Mr. SMITH of North Carolina, and Mrs. BUTLER of Maryland to be the conferees on the part of the Senate.

The message also announced that the Vice President has appointed Mr. JOHNSTON of South Carolina and Mr. LANGER members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers referred to in the report of the Archivist of the United States No. 52-2.

CONSERVATION OF OUR NATURAL RESOURCES

(Mr. SMITH of Mississippi asked and was given permission to extend his remarks at this point in the Record.)

Mr. SMITH of Mississippi. Mr. Speaker, all of the elements of our economy interested in a sound program for the conservation of our natural resources are disturbed over the rapid depletion of our natural gas. The supply of this fuel is not inexhaustible and if intelligent measures to establish a conservation program are not put into effect soon future generations will feel the effect of our present-day short-sightedness.

Many of us who live near the natural gas fields are also concerned about the manner in which gas from these fields is being transported and stored in the depleted gas fields in other sections. If this practice continues, our existing fields will be exhausted without material benefit to those areas from which the gas is derived.

Many of the great transmission companies appear to be overlooking their duty as a public utility in adequately meeting their responsibility and obligation to the States which make their construction and operation possible. In many cases this exhaustible natural resource is proposed to be used to generate power in sections that lie in the midst of unlimited coal supplies. Certainly this is a fallacious conservation policy.

In an effort to focus attention upon this grave problem, I have introduced a bill to amend the Federal Natural Gas Act with respect to extensions of service. This proposed amendment would provide that the Federal Power Commission cannot approve of additional facilities without certification that the proposed new service can be rendered without impairment of the ability of the natural-gas company to satisfy existing and developing demands in the territory or territories which it is already obligated to serve.

This is merely an extension of a fundamental American policy that public utilities must fully serve the need for which they are approved. It would in no wise impair the sound development of new markets for natural gas, and, at the same time, it would help to develop a more sound conservation policy for this great natural resource.

I shall urge the Committee on Interstate Commerce to give prompt consideration to this bill. The petroleum supply of this country is by no means inexhaustible, and, in this time of mobilization of our resources for defense, we should take full cognizance of the dangers involved in the wasteful exploitation of our natural gas.

SPECIAL ORDER GRANTED

Mr. ROGERS of Massachusetts asked and was given permission to address the House today for 5 minutes, following the legislative business of the day and any other special orders heretofore entered.

CALL OF THE HOUSE

Mr. PATMAN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. SPENCE. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 117]

Bentsen	Hays, Ark.	Radwan
Boggs, La.	Herter	Scott, Hardie
Breen	Holifield	Servino
Busbey	Horan	Shafer
Chatham	Kelley, Pa.	Steed
Dawson	Kennedy	Stockman
Dingell	McCormack	Sutton
Durham	Miller, Calif.	Towe
Gavin	Murdock	Velde
Gillette	Murphy	Wood, Idaho
Golden	Murray, Wis.	Woodruff
Gossett	Norblad	Zablocki
Hart	Passman	
Havener	Powell	

The SPEAKER. On this roll call 389 Members have answered to their names. A quorum is present.

By unanimous consent, further proceedings under the call were dispensed with.

AMENDMENTS TO THE DEFENSE PRODUCTION ACT OF 1950

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 3871) to amend the Defense Production Act of 1950, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the fur-

ther consideration of the bill H. R. 3871, with Mr. MILLS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Permit the Chair to make a statement.

When the Committee rose on yesterday there was pending the amendment offered by the gentleman from Michigan [Mr. HOFFMAN].

Without objection, the Clerk will again report the amendment offered by the gentleman from Michigan.

Mr. HOFFMAN of Michigan. Mr. Chairman, I wonder if I might offer a perfecting amendment by striking out the word "and" and substituting the word "or" before the word "great-grandchildren."

The CHAIRMAN. Without objection, the amendment will be so modified.

There was no objection.

The Clerk again reported the amendment offered by the gentleman from Michigan [Mr. HOFFMAN], as modified, as follows:

Amendment offered by Mr. HOFFMAN of Michigan: Page 23, after line 22, insert the following: "Nothing contained in title 4 of the Defense Production Act of 1950 shall prohibit, nor shall any rule, regulation, or directive issued by, or under, the authority of this act, prohibit any individual from raising, fattening or slaughtering any livestock, hogs, or poultry owned by him when the same is to be used as food by him, the immediate members of his family, his children, grandchildren, or great-grandchildren."

Mr. VURSELL. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. VURSELL. Would a preferential motion be in order at this time?

The CHAIRMAN. What preferential motion does the gentleman have in mind?

Mr. VURSELL. The motion is at the Clerk's desk.

The CHAIRMAN. The gentleman does not have at the desk a preferential motion if the Chair is reading the motion to which the gentleman is referring.

Mr. VURSELL. Mr. Chairman, I wish to make a preferential motion to strike out the enacting clause, and thought I had it properly drawn.

The CHAIRMAN. When the gentleman proposes a proper motion the Chair will, of course, entertain the motion.

The question is on the amendment offered by the gentleman from Michigan.

The amendment was rejected.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that debate be concluded on each amendment in not to exceed 20 minutes, 10 to be used by the proponents and not exceeding 10 by the opponents.

Mr. WOLCOTT. Mr. Chairman, reserving the right to object, would it not be in the interest of orderly procedure and permit full use of the 20 minutes on each amendment if debate on each of the amendments continued for 10 minutes, two 5-minute speakers, and then the gentleman from Kentucky could use his judgment as to when debate would be shut off?

We will assure the gentleman from Kentucky full cooperation if that is the procedure he seeks to follow.

Mr. SPENCE. That is entirely satisfactory to me.

Mr. WILLIAMS of Mississippi. Mr. Chairman, I object to the request.

Mr. SPENCE. I withdraw the request, Mr. Chairman.

I want to state that this is the commencement of the third week of consideration of this bill. There will be no extension of time in debate on amendments; we will object to any request for extension.

Mr. WOLCOTT. Mr. Chairman, I might say that it is our purpose and I know it is the gentleman's purpose to finish all debate on this bill and the roll calls today, and we will cooperate with the gentleman to do that.

Mr. SPENCE. That was my purpose in submitting the consent request. I am very glad to hear the gentleman suggest that.

Mr. BUFFETT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BUFFETT: Page 14, line 21, insert the following:

"Amend section 402 (b) by adding the following paragraphs to be numbered (5) and (6) respectively, and renumbering the present paragraph (5) as paragraph (7)."

"(5) Within 30 days after the effective date of the Defense Production Act the President shall review all price ceilings heretofore established and make such adjustments thereof as are necessary to compensate employers in any business or industry for any increases in wages made pursuant to the requirements of any orders issued or policies promulgated under the Defense Production Act of 1950 and as such act has been extended or amended.

"(6) If the President subsequent to the effective date of the Defense Production Act amendments of 1951 shall issue any order increasing wage scales in any industry or business or in any part of industry or business he shall simultaneously adjust ceiling prices of all employers affected by such wage scales in any such industry or business to compensate them for such increased payments to their employees."

Mr. BUFFETT. Mr. Chairman, the purpose of my amendment is obvious. It is a matter of simple fairness. If the Defense Production Administration raises a businessman's cost through wages, it should give an appropriate review and adjustment in the prices charged by that businessman. This amendment simply provides that the President shall see to it that adjustment and satisfactory review is made promptly and fairly. That is all the amendment does. It is an amendment that should be adopted, in my judgment.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. I yield to the gentleman from New York.

Mr. MULTER. I think I saw the gentleman vote yesterday in favor of the Davis amendment. How does he reconcile his amendment, which is to push prices up, with the amendment which prohibits any ceiling prices being changed within the next 120 days?

Mr. BUFFETT. The 4 months' standstill will give the administration time to find the practical remedy that can hold prices down effectively all across the board.

Mr. MULTER. The gentleman's amendment is to push prices up.

Mr. BUFFETT. No; there is no push-up in my amendment. My amendment simply says that if the administration moves up the wage-cost picture it has to make appropriate adjustment in the prices the businessman charges.

Mr. MULTER. In other words, in every industry that has gotten an increase in wages within the last 60 days he will be able to push up its prices in that industry.

Mr. BUFFETT. No. If the gentleman will read the amendment, he will find that is incorrect.

Mr. Chairman, I hope my amendment will be adopted as a matter of simple justice to the business people of America.

[Mr. SPENCE addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska [Mr. BUFFETT].

The amendment was rejected.

Mr. VURSELL. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. VURSELL moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken.

(Mr. VURSELL asked and was given permission to revise and extend his remarks.)

[Mr. VURSELL addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. HOFFMAN of Michigan. Mr. Chairman, I rise in opposition to the motion.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan.

Mr. EBERHARTER. I object. Mr. Chairman, I may say that these are time consuming methods, and the gentleman will consume 5 minutes needlessly.

Mr. McCORMICK. Mr. Chairman, I rise in opposition to the motion.

Mr. HOFFMAN of Michigan. Mr. Chairman: The Chair has already recognized me.

Mr. McCORMACK. The gentleman has already made two or three motions preferential in nature.

Mr. HOFFMAN of Michigan. Mr. Chairman, that makes no difference. I submit the motions were in order under the rules.

Mr. McCORMACK. Mr. Chairman, I rise in opposition to the motion.

The CHAIRMAN. The Chair would have to hold that he had already recognized the gentleman from Michigan.

Mr. McCORMACK. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. McCORMACK. The point is that the gentleman from Michigan, on at least two occasions, has made the same motion.

Mr. HOFFMAN of Michigan. Mr. Chairman, and I will say I was always in order making the motion.

Mr. McCORMACK. Furthermore, the gentleman from Michigan has not stated that he is, in fact, opposed to the motion offered by the gentleman from Illinois.

The CHAIRMAN. Does the gentleman from Michigan now qualify as being in opposition to the motion offered by the gentleman from Illinois?

Mr. HOFFMAN of Michigan. I certainly do.

Mr. McCORMACK. Under those circumstances, I do not seek recognition.

Mr. HOFFMAN of Michigan. Mr. Chairman, I realize that the gentleman from Illinois, my very good friend [Mr. VURSELL], is deeply moved and thoroughly exasperated by the fact that he has engagements in Illinois which are very, very important not only to him but to the people of his district and the people of the Nation as a whole and it seems we may not be able to finish this bill today. I wish him to understand and our own leadership and the leadership on the majority party to understand that many Members have other work which should receive attention. I expect to be called to Detroit on a very important committee hearing, a hearing to be held by the gentleman from Virginia [Mr. HARDY] next Monday and Tuesday. I realize quite well that this bill is going through, that while there has been seeming as well as actual opposition to the bill on the Republican side it is understood that the bill will be adopted sometime, and that those who for one reason or another, want to get away whether it is for social engagements, public service, or whatever it is, want to get through tonight. To that I have no objection.

Mr. VURSELL. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN of Michigan. So I will not take any more time—except to let my friend from Illinois—well, I notice the gentleman does not now ask me to yield, I yield back the balance of my time, though I add that, too much criticism may irritate some one who might then demand the reading of an engrossed copy of the bill before final passage.

The CHAIRMAN. The question is on the motion offered by the gentleman from Illinois [Mr. VURSELL].

The motion was rejected.

Mr. COOLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COOLEY: On page 15, after line 3, insert a new subsection reading as follows:

"Paragraph (3) of subsection (d) of section 402 of the Defense Production Act of 1950 is amended by adding at the end thereof of the following new sentence: 'No price ceiling shall be established or maintained for any type of tobacco when acreage allotments and marketing quotas are in effect therefor under the Agricultural Adjustment Act of 1938, as amended.'"

Mr. COOLEY. Mr. Chairman, I appreciate the fact that I offer this amendment in a rather hostile and disturbed atmosphere. But for the fact that I entertain the hope that I might be able to appeal to the reason and to the intelligence of the Members of this House, I would not dare offer the amendment at this time.

I should like to emphasize the fact that producers of tobacco are in a very unique situation. Tobacco is now and has been for many years under very strict and drastic controls. It would be difficult to imagine more complete controls than those which the tobacco program is now operated under. The Secretary of Agriculture, by authority of existing law, fixes tobacco acreage allotments for each tobacco farm, and he likewise fixes marketing quotas for each farm. In other words, the Secretary of Agriculture indicates and tells the tobacco farmer how many acres he can plant and how many acres he can harvest and how many pounds he can market. Existing law provides a price support program for tobacco, the production and marketing of which are under acreage allotments and marketing quotas. The mandatory support price is 90 percent of the parity price. Pursuant to existing law, Federal tobacco graders or inspectors grade each basket of tobacco, and if the tobacco does not bring as much as 90 percent of parity the farmer can place it under Government loan by turning it over to the Tobacco Stabilization Corporation. The whole purpose of the tobacco program is to protect both producers and consumers and to provide at all times an abundant supply but never a price demoralizing surplus. Tobacco farmers have almost unanimously approved the Program now in operation. The Secretary of Agriculture could not impose acreage allotments and marketing quotas except for the fact that tobacco farmers have by a vote of more than two-thirds approved, in a referendum held for that purpose, the imposition of such allotments and quotas.

I am quite certain that all of you know that through the tobacco program we have sought to balance production with reasonable consumer demand. The program never contemplates a scarcity, but always an abundance. The size of the crop to be produced is fixed and announced by the Secretary of Agriculture. I am also certain that all of you know that the program has operated successfully and well from its very beginning. It has not cost the Government any money, but on the contrary has made several millions of dollars of profit on the program. It has not resulted in any increase in the price of cigarettes to the consumer and yet it has stabilized the income of the farmer and farmer's purchasing power.

The whole idea of price ceilings, controls, and rationing must be predicated upon the thought that some sort of scarcity of the commodity exists or is likely to exist. There is no scarcity of tobacco. Actually, we have an abundance. What could be more ridiculous than for one agency of the Government to be a party to bringing about a scarcity and then for another agency to ration that scarcity? What could be more ridiculous than for one agency of the Government to put a price support of 90 percent under a commodity and then for another agency of the Government to impose a ceiling of 100 percent on that same commodity?

If the Office of Price Stabilization imposes the per grade ceiling on tobacco, which it is threatening to do, the difference between the floor or the support price and the ceiling price will be only 10 percent. In such a situation, the traditional method of marketing tobacco cannot possibly operate efficiently. Tobacco is sold at public auction and ordinarily with competitive bidding, but if the Government fixes both the floor and the ceiling, all competition will, of course, be destroyed; the auctioneer will become useless and the whole auction system could very easily be destroyed. How can you have an auction without free competitive bidding? What services could an auctioneer render if prospective buyers are not free to make bids? I wonder why anyone familiar with the tobacco program would be foolish enough to suggest imposing price ceilings on tobacco. I wonder if someone connected with our Government might not actually want to destroy the auction system. If under ceilings on each grade or basket of tobacco, competitive bidding will be destroyed, then pray tell me what real function could be performed by buyers for tobacco companies? The whole thing just does not make sense, and those who contemplate the issuance of such an order just do not know what they are doing.

The tobacco program has been in operation for many years. Tobacco farmers know more about control laws than perhaps any other group in America; they know something about both the blessings and the burdens of a control program. They have been willing to accept burdens when called upon to accept them. They have been willing to reduce acreage when it was necessary to reduce acreage. They have willingly complied with the program, and they want the program to continue as it is. Under the program tobacco farmers have not sought to obtain an advantage over other groups, and under the program we have never tried to force prices to unreasonably high levels. We have been satisfied with a price somewhere near parity. You then could not then accuse us of being selfish.

I want to assure my friends from the city districts that I am not asking for any special treatment to be accorded to tobacco farmers. I am merely asking that the tobacco program be left alone and not disturbed. If you could possibly visualize or understand the situation which will be brought about in the event per grade price ceilings are imposed upon tobacco, I am certain that you would vote for this amendment. I have been told that the Office of Price Stabilization did not even think of doing such a foolish thing, and yet I know definitely and full well that the price ceiling order has already been written and is ready to be issued. I want it clearly understood that we are not trying, and as I have said, have never tried, to force the price of tobacco to unreasonably high levels. We are not trying to penalize the consumer, and I am now trying to persuade you to stay the hand of OPS and to remove us from the threat which now hangs with such uncertainty over us.

I would like to call your attention to the fact that from information I have just received from the Tobacco Section of the Department of Agriculture, approximately nine and a half million pounds of tobacco were sold at auction on the Georgia and Florida markets yesterday, and the average price was below parity; and I would particularly like to call to the attention of my distinguished friend, the gentleman from Georgia [Mr. BROWN] that tobacco warehousemen, in an effort to protect the farmers' price actually purchased more tobacco than even the American Tobacco Co. or any other company purchased of the total amount sold. I have information also to the effect that the Tobacco Stabilization Corporation was forced to take about 25 percent of some of the grades offered for sale. This 25 percent, of course, sold on the auction sale for less than 90 percent of parity. I want to again emphasize the further fact that if by any chance prices should go above parity, the Secretary of Agriculture could easily have a very stabilizing effect on such prices, since all he would have to do is to indicate or announce that he would increase acreage allotments and marketing quotas for next year. If buying companies competing for this crop were told that there would be a substantial increase in the size of next year's crop, naturally they would not be so anxious to acquire more than a fair share of this year's production. May I also call your attention to the fact that buyers for manufacturers ordinarily pay very little attention to grades which are placed upon tobacco by Government graders. Every company has its own buyers and every buyer knows his own company's grades. If ceilings are imposed, the Government will make the grade, fix the price, both the floor and the ceiling, and that is all the farmer can receive for his tobacco, even though many company buyers may be standing by ready, anxious, and willing to pay more. I ask you, is this situation calculated to make the farmer very happy? Certainly not. It will cause dissatisfaction among farmers on every market.

Producers, warehousemen, buyers, and companies—and for that matter the consuming public—seem to be well satisfied with the program we now have in operation, and I personally do not want to see it disrupted or destroyed. If ceilings are imposed, and if the result is disastrous, I at least want to feel and to know that I have given you the benefit of my own best judgment concerning the matter. I also want the satisfaction of knowing that I have done my dead-level best to prevent such a disaster. If there is any better system of selling tobacco than the auction system which is now in operation, then I shall be very glad to know about it. I am just trying to prevent another foolish governmental invasion of private business and industry, and I want no part of any scheme or device which is even calculated to disrupt and to destroy the well-operating tobacco program. This amendment should be supported not only by every man from the tobacco-growing districts but by

every Member of the House who understands the problem with which we are dealing. I therefore respectfully urge you to vote for the amendment.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

[Mr. SPENCE addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. ABBITT. Mr. Chairman, I rise in support of the amendment offered by the gentleman from North Carolina [Mr. COOLEY] which prohibits ceilings being placed on tobacco so long as it remains under acreage allotment. I would like to start out by saying that this amendment is in the interest of the consumers, as well as of the producers.

I want to express great appreciation for this fine committee. Certainly I have said or done nothing during the consideration of this bill derogatory to them. I think they have done a good job and are doing a good job, but tobacco is a peculiar agricultural commodity. I wish we had time to go into the many phases of this problem.

There is a 2½-year supply on hand to protect the consumers and the companies who manufacture cigarettes and pipe tobacco, and so forth. Tobacco is the only commodity that has this supply. Now they talk about ceiling prices. Let me tell you why it is important not to have ceilings on tobacco. It is true we have a provision in the law which says that the ceiling cannot be put on if an agricultural commodity is below parity, but the order which has been prepared, I understand, provides that the ceilings on tobacco shall be by grades. When a farmer brings his tobacco to market he has about five grades. The best tobacco grade under the ceiling will bring parity. The next best pile will bring about 98 percent of parity; the next best pile about 95 percent of parity; and the next best about 90 percent. If a ceiling is imposed on them it will be impossible for him to get parity under the order that is being written.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. ABBITT. I yield.

Mr. COOLEY. Does not the gentleman agree that the traditional auction system cannot possibly function under that sort of limitation?

Mr. ABBITT. It would be impossible to function, because we would have a floor of 90 percent and a ceiling of 100 percent. That would mean that the best average the farmer could get would be 95 percent of parity. The Government grader will come down there, grade it and say what the farmer shall get. Then some employee of the Government will come there and ration it out to various tobacco companies.

Mr. FOAGE. Mr. Chairman, will the gentleman yield?

Mr. ABBITT. I yield.

Mr. FOAGE. Does not this come down to a difference of opinion between the Banking and Currency Committee and the Agriculture Committee on the simple question of what they believe OPS will do? The Banking and Cur-

rency Committee is willing to assume that OPS will never apply a ceiling, and the Agriculture Committee simply says "Make it impossible for them to apply it, because we all agree that it will ruin tobacco."

Mr. ABBITT. The main trouble is they do not understand the question of parity under this bill and the order of OPS. We can get parity on only our best grade; we then get 90 percent of parity on our lower grade, and there is no way on earth for the tobacco producer to realize 100 percent of parity if ceilings are placed on same.

Furthermore, it would wipe out the auction system which has been in effect ever since I can remember. In fact it is the only way we sell tobacco.

If we were assured that OPS will not put on ceilings then this amendment would not be necessary. We feel very strongly about this because tobacco is a peculiar commodity and is entirely under controls. The people who do not raise tobacco do not know the injustice that is being done the tobacco farmer if the order that OPS has already prepared is placed into effect thereby putting ceilings on tobacco by grade. The warehousemen who have done so much to help our farmers dispose of their tobacco to the best advantage would be wiped out of existence.

(Mr. ABBITT asked and was given permission to revise and extend his remarks.)

Mr. WATTS. Mr. Chairman, I rise in support of the Cooley tobacco amendment.

I think the amendment is sound, it is needed and should be adopted.

Mr. MCCARTHY. Mr. Chairman, I rise in opposition to the amendment.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. MCCARTHY. I yield.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

(Mr. MCCARTHY asked and was given permission to revise and extend his remarks.)

Mr. MCCARTHY. Mr. Chairman, the point has been made that the tobacco marketing procedure is an unusual one. The same thing could be said of beef or other livestock and almost every agricultural commodity. Although livestock is, for the most part, not marketed in an auction, the present livestock marketing system is almost the same thing.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. MCCARTHY. I want to make this one point and then I will yield. Yesterday the gentleman from North Carolina, who proposed this amendment, voted for the Davis amendment, which if it carries and becomes law, will freeze all prices for 4 months. The price of tobacco would be frozen at ceiling for 4 months. This means that there would be no competition and that the tobacco auctions would, in a sense, also be frozen for 4 months. Yet he says he does not want to disrupt the tobacco auction.

The committee bill will run for 1 year. However, most of this year's tobacco crop will be sold within the next 6 months. In effect, then, his vote for the Davis amendment would interfere more seriously with the sale of tobacco this year than would the passage of the bill itself.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. McCARTHY. I yield.

Mr. COOLEY. I would just like to say for the gentleman's own information, that tobacco is in a peculiar situation not only because it is sold at auction, but because of the fact that it is under complete and drastic Government control from the time it is planted until it is harvested and marketed.

Mr. McCARTHY. Yes; that is correct. Tobacco is under Government control, but the tobacco growers came under control voluntarily and agreed to the controls under the control program. If the quantity of tobacco is so great that the market price falls below the support level, the Government will have to support the price of tobacco. Of course the argument is made that the tobacco program has not cost the Government anything in the last few years. That is true if we consider only a direct support program. However, I would like to point out that some \$440,000,000 of ECA money has been spent to buy American tobacco over the period of the last 3 years. In effect we have had a hidden support program for American tobacco.

The peanut program has also been expensive in the last 3 years.

Mr. COOLEY. Now, listen—

Mr. McCARTHY. I yield to the gentleman.

Mr. COOLEY. This amendment does not apply to peanuts. It applies only to tobacco.

Mr. McCARTHY. The gentleman's original amendment was based on acreage allotment. It would have included peanuts.

Mr. COOLEY. But I have eliminated peanuts.

Mr. McCARTHY. All right. Then limiting our consideration to tobacco, I repeat that in the last 3 years \$440,000,000 of ECA money has been spent to buy American tobacco. I should like to call to the attention of the House the fact that Mr. Herschel Newsom, master of the National Grange, appearing before the House Banking and Currency Committee on May 22, 1951, made this statement, "that the provisions of the Defense Production Act of 1950 with respect to agricultural prices are just and equitable." The farmers asked for parity ceilings. I believe that this was a fair request, especially on those commodities in which parity is very close to the cost of the production.

The Banking and Currency Committee bill provides for price ceilings on agricultural commodities at parity. I do not believe that there is any justification for this special exemption for the tobacco growers of America. I would like to point out that the situation in tobacco is very similar to that existing with regard to wool. Parity and support provisions in each case is based upon an aver-

age parity which includes all grades. However, in fixing ceilings for wool, OPS has established ceilings which reflect differences in grade. According to information I have received from the OPS office, the average ceiling on all grades of wool is 90 percent above the average parity level and the ceiling on the lowest grade is 30 percent above the average parity.

There is no good reason to believe that OPS will not set a fair ceiling for tobacco which will reflect differences of grade when they do determine the final ceiling prices on tobacco. I sincerely hope that in the long-range interests of the farmer, the House will vote down this amendment. I do not believe that the farmers want this special kind of treatment, but rather that they endorse the principle of equality of sacrifice.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina [Mr. COOLEY].

The question was taken; and on a division (demanded by Mr. COOLEY), there were—ayes 50, noes 103.

So the amendment was rejected.

Mr. JAVITS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JAVITS: Page 14, line 4, after "Sec. 104.", insert a new subparagraph (a) to read as follows:

"(a) Paragraph (3) of subsection (d) of Section 402 of the Defense Production Act of 1950 is amended by striking out the word 'parity' in clause (i) of the first sentence thereof and inserting in lieu thereof the word 'support'."

And reletter appropriately the succeeding subsections.

Mr. JAVITS. Mr. Chairman, the purpose of my amendment is to change the standard by which ceiling prices may be established for agricultural commodities. As the law stands today and as the bill stands no ceilings can be established until each of these commodities reaches 100 percent of parity, while under my amendment there would be substituted the support price for the particular commodity, or the selling price in the base period May 24 to June 25, 1950.

This subject needs to be aired and needs to be discussed very seriously. So far in this whole debate it has been taken very much for granted. We have just assumed this is a right provision and we have carefully cut around the real nubbin of the difficulty in getting price-wage stabilization under this act.

The cost of food represents 40 percent of the moderate income family's budget. It is the cost of food that has been causing much of the difficulty and most of the complaints on the part of the consumers with respect to rising prices. Those who have gotten up here and said that housewives including their wives have complained about rising prices, know they have complained about the price of food, yet we have accepted without question, without qualification, the standard in the act under which the price of food has been outstripping the prices of cost of living items generally and has been steadily rising.

It has been claimed on the floor here that the administration did not have

a chance to stabilize prices between September and January when the price freeze was put into effect and that within this period of time prices did not rise so much higher. It so happens that prices during that period of time rose higher, and this is particularly true of food prices. The general consumer's price index for all commodities went up from 174.6 on September 15 to 183.8 on February 15, while the consumers' food price index went up from 210 on September 15 to 226 on February 15. Now for the period June 15 to September 15, the same index for all items went from 170.2 to 174.6, and for foods from 203.1 to 210. Following the January 25, 1951 freeze the record is much better, the index for all items having gone to 185.4 and that for foods to 227.4, but still a disproportionate rise for foods.

Now just so long as we cut around the main area—food prices which has had so much to do with the inability to get wage-price stabilization and refuse to face it realistically, just so long will we find it so hard to stabilize wages which the advocates of the tight freeze of ceilings were on the floor fighting for yesterday.

This provision preventing ceilings on any agricultural item unless it reaches 100 percent of parity is nothing but a way in which to make the support price for every agricultural commodity, not what it is but 100 percent of parity.

Let us understand the real basis of the parity-price concept as contained in the Agricultural Adjustment Act. It is the basis for a Government-supported floor under farm prices to avoid the kind of debacle we suffered in 1932. But to do this the Federal Government is not maintaining a support price of 100 percent of parity for any commodity. Even for the six major commodities—wheat, cotton, rice, corn, peanuts, and tobacco—the support price is only 90 percent of parity, and for many items the support price is a lesser percentage of parity. It is significant too that of these six, only one is under ceilings due to the provisions of the act I seek to amend. The protection that the Congress intended that the farmer should have was not 100 percent of parity but the support price which is what I ask that provision be made for in the bill. If that is done, food is put on an equal basis with everything else the consumer buys without interfering with the price protection the Government gives the farmer.

This parity concept we have been told is designed to retain the purchasing power the farmer had in 1909 to 1914. The fact is that parity has been considerably revised and considerably increased since, because the parity provisions now gives the farmer equality of purchasing power on a moving average of the latest of the last 10 years and right now that moving average is 1940 to 1950, which is about the highest price period—as it includes World War II and 1947 and 1948—the farmer has ever enjoyed in this country. I say if those who want to freeze everything really want to have a fair basis for stabilizing wages, they have got to do something to equalize the situation on food prices. Right

now the great bulk of the agricultural commodities are not subject to price control and cannot be put under ceilings, and the consequence is that they will go up some more and the cost of living will go up some more and wages will go up. You are not in a way to deal with inflation by this bill unless you do something tangible about the food-price situation.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

I urge, too, those who are friends of the farmer to heed this situation. This is a time of high demand and good prices. I feel the farmer himself would like to cooperate in trying to get prices down and stabilized now, thereby building up great good will among consumers for what may happen tomorrow.

Mr. JAVITS. I yield to the gentleman from New York.

Mr. MULTER. If the gentleman does not mind me saying so, I think we city boys ought not to get into this. It seems that the farmers have written into this bill a new theory of economics that is too much for me. They say increase production to bring prices down. Therefore when you attain your increased production take the ceilings off to let prices rise. On the other hand, when supply is scarce do not impose any ceilings because the ceiling will keep prices high. It is too much for me.

Mr. JAVITS. I would like to quote from an editorial from the New York Times of February 1, 1951 supporting the position I have taken. It is entitled "In the Name of Parity" and deserves to be read by every Member. It sums up the situation in these words:

The exclusion of any considerable number of commodities from price-ceiling regulations is calculated to defeat the whole purpose of an over-all freeze. But when such commodities include a great many food staples then the omission becomes even more serious. Stability of the cost of living index is the very heart of wage-price controls.

A rise in that index not only is inflationary in its own right, but to the extent that wage stabilization is tied to the index it exerts pressure on both sides of the inflation potential.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 7 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

[Mr. SPENCE addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. H. CARL ANDERSEN].

(Mr. H. CARL ANDERSEN asked and was given permission to revise and extend his remarks.)

Mr. H. CARL ANDERSEN. Mr. Chairman, I realize that my good friend from New York [Mr. JAVITS] is being facetious in offering this amendment.

Mr. JAVITS. I am not being facetious. I do not offer amendments on the floor of the House to be facetious.

Mr. H. CARL ANDERSEN. Surely he does not want his people in the great city of New York to starve to death.

Mr. JAVITS. They will not.

Mr. H. CARL ANDERSEN. I am sure that he wants food to continue to come into that great city from the farm producing areas in America. He forgets that there are many farm commodities for which there is no support price.

The Price Administrator has the right to place the ceiling at zero on these products under this amendment. I think it is ridiculous.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman, I have asked for this time to speak in general on this bill.

I think we have made a mistake these last weeks in considering this bill. This bill should have been on the Private Calendar, because it is a bill for the private interests. It is a bill for the relief of the packers like Armour, Swift; cigarette makers like Lorillard, Reynolds, the American Tobacco Co.; and Planters Peanuts, and Kraft Cheese and others. It is really an omnibus private bill. This bill is a bill that is for special private interests, and should be labeled as such. It is an anti-general-welfare bill.

Further, on yesterday we passed a 120-day freeze on all products except products of the farm. What of the consumer? What of labor?

There is no lid on rent. There is no lid on food. Indeed, the consumer will have to pay through the nose. The tobacco people say, "Controls are fine, but not for tobacco." The cattle people say, "Controls are fine, but not for the cattle industry." We packers and ranchers are sacrosanct. You should not touch us.

The cotton interests say, "Controls are fine, but not for the cotton interests." The cheese interests and the peanut interests say the same thing. Controls are wonderful—for the other fellow.

Mr. Chairman, that reminds me of a story that comes out of Jewish folklore. A rabbi arose in his synagogue and said: "There is a very poor family at yonder end of ghetto that is in dire need of charity. They have neither raiment, nor food, nor shelter. You are too poor to give them anything. You yourselves are in need of charity. But we must help them. I have an idea. On the Sabbath eve when you bless the Lord for the fruitage of the earth by accompanying your prayer with the drinking of wine, do not bless Him by drinking a full glass of wine. Only partake of half a glass of wine. The Lord will not mind being blessed with half a glass of wine. And the next day, on the Sabbath, when you come into the synagogue, I shall have an empty barrel into which you pour the half a glass of wine, untasted from the night before. After a time the barrel will become filled. I'll then sell the barrel of wine and give the proceeds to the poor family." They all agreed.

On the day appointed for the opening of the barrel the good rabbi opened it

and lo and behold, it was all water. Each member of the congregation said, when reprimanded, "We figured what difference would a half a glass of water make in a full barrel of wine?"

Mr. Chairman, I hope that sinks in. That is what so many of the members of the committee are doing here. They are putting a half a glass of water in the full barrel of wine. Thus you will have no controls whatsoever. That is exactly what you are doing. The gentleman from North Carolina says that he is not sabotaging the bill, and the other gentlemen who offer amendments for special interests say that they are not sabotaging the bill—actually they are each just pouring a half a glass of water into the full barrel of wine.

The day before yesterday the "unholy coalition"—that motley crew of Dixiecrats and Republicrats scuttled price control by writing in a provision guaranteeing profits. It was a cost-plus, guaranteed profit amendment. Since when do we guarantee profits? Our public utility companies can properly claim fair returns or profits on investment. That is because they are, like traction companies or gas or electric companies, monopolies and are rigidly regulated. But in a free and open economy profits are never guaranteed. Competition is supposed to govern prices. Guaranteed profits is socialism—against which this "unholy coalition" always inveighs.

Furthermore, if ceilings are to be fixed with guaranteed profits in mind, then ceilings must be upped to cover the costs and profits of the least efficient of the industry or trade. You thus place a premium on inefficiency and ineptitude and even on laziness. All—no matter how bungling or inept—must be guaranteed profits. How ridiculous.

Such an amendment makes a monstrosity out of the bill. Such a cost-plus formula makes it impossible to achieve any stability and the consumer would be mulcted out of billions of dollars.

I want to make a few more observations before I conclude.

Last March, cotton State Congressmen reprimanded Mike DiSalle of OFS severely, because he had the effrontery to put a ceiling on cotton prices. The ceiling represented 125 percent of parity—one-fourth more than a fair price as calculated by the Agriculture Department. But the cotton Congressmen howled that Mr. DiSalle had abused his power outrageously. They said that his ceiling would discourage production—that growers just would not plant enough cotton to reach the goal of a 16,000,000-bale crop which the Agriculture Department was calling for to make up for a short 1950 crop. However, Mr. DiSalle refused to back down. Well, the Agriculture Department has just reported that farmers this year have planted 29,510,000 acres of cotton, 58½ percent more acres than in 1950. That is enough, if yields are average, to mean a 16,791,000-bale crop. The price ceiling does not seem to have discouraged cotton producers, which strongly suggests

that the Congressmen who are now trying to abolish all price controls, contending that otherwise producers will not produce, also may be sounding false alarms.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. JAVITS].

The amendment was rejected.

Mr. H. CARL ANDERSEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. H. CARL ANDERSEN. I did not hear the gentleman from New York [Mr. JAVITS] vote. How did he vote?

The CHAIRMAN. The Chair is not in a position to state that.

Mr. JAVITS. Mr. Chairman, I voted "aye." May the RECORD show that I voted "aye."

Mr. POAGE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. POAGE: Page 23, after line 22, insert the following:

"() Title IV of the Defense Production Act of 1950 is hereby amended by adding at the end thereof a new section reading as follows:

"Sec. 411. If ceiling prices applicable to producers, manufacturers, or processors, or their raw material suppliers have been or are hereafter established for any material they shall be suspended whenever it is shown to the Director of Price Stabilization that the average price of such material for a period of the preceding 60 days is 2 percent or more below the ceiling price so established for such material and no ceiling shall be reestablished or maintained for such material unless or until the Director of Price Stabilization determines that the average price equals or exceeds for a period of the preceding 60 days, or exceeds by more than 5 percent for any one day, the ceiling price previously established, and if and when such ceiling price is so reestablished it shall be (except in those cases where uniform industry-wide ceiling prices are established in lieu of individual ceiling prices) at not less than the ceiling price previously established: *Provided*, That whenever the ceiling price for any material has been suspended under the authority of this paragraph, the Director of Price Stabilization may require any seller of such material to report any sales made above the ceiling price in effect at the time such ceiling price was suspended."

Mr. POAGE. Mr. Chairman, I believe we all realize that last year we sought to establish price and wage ceilings that would be generally fair and equitable across the board, but it occurs to me that there has been very little effort to actually achieve this coordination across the board. Actually we find ceilings for costs but only on final prices. Under such circumstances, is it surprising that the program is meeting much criticism? We even find ceilings still in force where the actual price is far below but we did put a provision in the law for the decontrol of prices when they are no longer needed. I think it is extremely important that we have a practical way of decontrolling prices when ceilings are no longer needed. Surely, no one wants to retain ceilings just to regiment the people or to simply provide jobs.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. BROWN of Georgia. The gentleman offered an amendment the other day and it was agreed to by a large majority. I think the gentleman should be satisfied with that amendment. Here you are submitting a formula now that will not work. When the price of a commodity goes down 2 percent you take off the ceiling. When it goes back you put it on again. It is so complicated that they will be busy up there all the time changing the ceilings off and on.

Mr. POAGE. I cannot agree with the distinguished gentleman that this would not work. I think we need something that will work. That is exactly what I am proposing. There is in the bill at the present time a suggestion that prices should be decontrolled, and authorization for the Administrator to remove ceiling prices on various commodities when ceilings are unnecessary to effectuate the purposes of this act. Now he has decontrolled two commodities. What are they? They are dead horse and canned rattlesnake meat. That is right. Dead horse and canned rattlesnake meat have been decontrolled. But cotton is still under price ceilings even though it is selling nearly 20 percent below the ceiling price.

Now, why maintain controls when you do not need them? Why maintain controls when the price is less than the ceiling? All in the world this amendment does is to remedy that situation. It provides that if the price of a commodity goes below the ceiling, not simply accidentally for a day or two, but if it stays there for two long months, if the price of a commodity is as much as 2 percent below the ceiling for 2 months, then the Administrator must suspend the ceiling price. Then, if it goes back, we make a provision for recontrolling it. We have carefully made provision in this amendment for recontrolling any price where the producer has raised the price up above the ceiling; if he keeps it up for as long as 60 days, then the Administrator has the right to put it back under the ceiling; or, if the price goes as much as 5 percent above the ceiling for any one day. This provision is to keep anybody from getting an unreasonable profit as a result of having decontrolled his prices—but in the meantime we believe that here is a real incentive to producers, manufacturers, and merchants to lower their prices, because in this way they will be able to get out from under the red tape of ceiling-price regulations and reports. This way they will be able to avoid all of the cost and aggravation and expense of record keeping and all of the red tape incident to ceiling prices, if they will but lower their prices and keep them under the ceiling by 2 percent for 2 months' time.

Who is going to be hurt by that? No one except someone who feels we should maintain ceilings just to give him a job. And who will profit? Surely the first one to profit will be the consumer, because the consumer will pay the lower prices. Is there anything wrong with an amendment that will encourage lower prices? I ask the membership of this House: Are you interested in lower prices or are you interested in some self-con-

ceived formula of words? This amendment will give you lower prices. This amendment will relieve against the obvious hardships of the red tape incident to the maintenance of ceilings that do not control prices. It will reduce costs of doing business; it will reduce irritations which inevitably accompany controls; it will reduce the expense of administration; and, best of all, it will reduce prices.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

[Mr. SPENCE addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. POAGE].

The amendment was rejected.

The CHAIRMAN. Under the limitation of time a few minutes ago the Chair observed the gentleman from Georgia [Mr. VINSON] on his feet.

Mr. VINSON. Mr. Chairman, I ask unanimous consent that the distinguished gentleman from Pennsylvania [Mr. GAVIN] may be permitted to address the committee at this time for 10 minutes, and that he may proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

Mr. LUCAS. I object.

Mr. VINSON. I modify my request to make it 5 minutes.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent that the gentleman from Pennsylvania may proceed out of order for 5 minutes. Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. GAVIN] is recognized.

Mr. GAVIN. Mr. Chairman, I want to thank my very able chairman, whom I greatly respect and admire, for his intercession in my behalf, and I want to present to the committee a statement I made today relative to the recent B-36 discussion.

My primary responsibility to my constituents compels me to give attention to the base insinuation made by Radio Commentator Drew Pearson, and the unscrupulous and unfair attack made upon me by columnist Robert S. Allen, that I divulged secret information concerning the number of B-36 bombers now in operation. I want to deny such a charge as an unmitigated lie.

Like every other member on the Armed Services Committee, I was appalled by the information that we have only a limited number of such strategic bombers in operation.

The facts are that I was intercepted as I was going on the floor of the House by a newspaper reporter—Frank El-eazer—who stated that he had talked

with a number of other members of the committee and at the time he intercepted me he had the figures which were given in the Armed Services Committee meeting. He questioned me and I told him the figures were highly secret and classified information, and I warned him twice that he should take the matter up and clear it with the chairman of the committee [Mr. VINSON]. I talked to no other reporter.

The reason I had not previously made a denial of the charge is because of the fact Mr. VINSON, our very able chairman, stated that he would call a meeting for last Tuesday to clear the matter up, but later advised me he would not call a meeting of the full committee until Friday. From the meeting of the full committee on Thursday, July 19, it appeared the matter would be delayed further. As we have a primary election in Pennsylvania next Tuesday and it is necessary for me to return to my district, I was insistent that the matter be discussed here today.

In view of the fact that charges have been made directly against me, it was necessary for me to deny them before the meeting, as I did in a news release on Wednesday, July 18, rather than wait until the committee met, since these charges had been openly circulated in my district.

On Wednesday, July 18, I issued the following statement:

Columnist Robert S. Allen, in his article of July 16, 1951, appearing in the New York Post, accuses me of divulging and disclosing alleged secret and classified information given to the Committee on Armed Services in a meeting at which, including the committee, over 100 persons were present. Said meeting having been held in the committee rooms on Wednesday, July 11, 1951. I deny, categorically and unequivocally, that I disclosed or divulged such information, or that I was in any way responsible for divulging said information.

After I had taken this release to the Press Gallery for distribution, I was called to the floor of the House by Reporter Frank Eleazer. Rather than again be placed in an embarrassing position, I took with me as a witness Representative HARMAR D. DENNY, Jr., of the Twenty-ninth District of Pennsylvania, so he could listen to exactly what was said.

When we approached Mr. Eleazer he said he understood there was considerable discussion in the committee about the information on the B-36 bombers. I said "Yes, there was lots of discussion," and I asked Mr. Eleazer to say if I did or did not give him any information—on the B-36—and other questions, and I now read the statement of Representative DENNY which has been duly certified by a notary public as of July 18:

SPEAKER'S LOBBY,

July 18, 1951, 12:30 p. m.

Frank Eleazer said:

First. GAVIN did not give him the information.

Second. That he had talked to about 12 other members of the committee.

Third. In answer to a question from GAVIN, he said that GAVIN had told him the figure was secret, confidential, and classified, and that he would have to clear this information with the chairman. He said that GAVIN had told him this twice.

Fourth. In answer to a question from GAVIN as to why he did not go to the chairman and tell him that GAVIN was not the one to give out the information, he said he could not tell the chairman that GAVIN was not the one who told him because he would be asked the same question by all the other members of the committee he talked to and that by the process of elimination he would have to tell the chairman the one who did it.

After this conversation we left Mr. Eleazer.

I also wish to call to the attention of the committee that in the Allen column it was attributed that certain questions were asked of General Sweeney by me. With no attempt to bring another Member into the discussion, the truth of the matter is the questions were asked by Representative SHORT. I tried to interrupt Representative SHORT, but he said, if I recall correctly, to let the general answer the questions. If any leaks are to be discovered, it would be interesting to know—in view of the fact the meeting was in executive session—how Columnist Allen was able to secure the questions that were asked by Representative SHORT.

Certainly those who gave out this information must be tormented by the fact that they have done me a grave injustice and irreparable damage.

I intend to make this statement public.

Mr. Chairman, I apologize for taking the time of the committee and deeply appreciate the courtesy extended me.

Mr. HOPE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOPE: Page 23, after line 22, insert a new subsection as follows:

"The fourth sentence of paragraph 3 of subsection (d) of section 402 of the Defense Production Act of 1950 is amended to read as follows: 'Nothing contained in this act shall be construed to modify, repeal, supersede, or affect the provisions of either (1) the Agricultural Act of 1949, or (2) the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendments thereto, heretofore or hereafter made or issued under the provisions of the Agricultural Marketing Agreement Act of 1937, as amended.'"

Mr. HOPE. Mr. Chairman, this is a simple amendment and will require very little explanation. There are only six words in this amendment which is new language, and they are "the Agricultural Act of 1949 or." The remainder of the language is contained in the present Defense Production Act. The present law provides in substance that the provisions of the Defense Production Act shall not in any way affect the Agricultural Marketing Agreement Act of 1937 or any agreements or orders made or issued thereunder. All this amendment does is repeat that language and add that this bill shall not repeal or affect any provision of the Agricultural Act of 1949. I do not believe there is anything in the act that affects or modifies the Agricultural Act of 1949, but in order to make doubly sure that there is not, the amendment is offered.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield to the gentleman from Kentucky.

Mr. SPENCE. As far as I can see, there is no objection to this amendment.

Mr. HOPE. I cannot see why there should be any objection to it. I thank the gentleman for making that statement.

(Mr. HOPE asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas.

The amendment was agreed to.

Mr. LUCAS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LUCAS: On page 18, after line 4, insert the following new subsection:

"(f) Section 403 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new sentence: 'Any board or similar agency created within such independent agency for the performance of functions relating to the stabilization of wages shall have, among any representatives of labor on such board or similar agency, at least one person who is not a representative of any organization which is affiliated with either of the two major labor organizations.'"

And reletter the subsections which follow accordingly.

Mr. LUCAS. Mr. Chairman, after the massacre of the other afternoon when I offered an amendment here which was so disastrously defeated, I am almost afraid to offer another; however, so many of you came to me and suggested that I offer an amendment providing for representation on the Wage Stabilization Board by a representative of independent unions that I now again seek to persuade you to do justice, as I see it, in this case of obvious, admitted discrimination. This amendment is to carry out the thought and the intent of the House Committee on Education and Labor in directing the President to nominate one member of an independent union, that is, a representative of a union which is not affiliated with one of the two major labor organizations, as a member of the Wage Stabilization Board.

If you will recall the facts presented to the committee the other day, you will remember that I told you that the present Wage Stabilization Board is comprised of six members representative of the National Association of Manufacturers and the Chamber of Commerce, six public members, and six members representative of the CIO and the A. F. of L. There are no representatives on the labor side of the Wage Stabilization Board of independent union members. There is a great movement in this country to secure such representation.

Many of you who know about these facts have called to my attention the necessity for such action. I do not think I need to add to what I have previously said. This merely provides that an independent will serve on the Wage Stabilization Board on the labor side. I think the President wants to name an independent. When he set up the Wage Stabilization Board he named Mr. Wal-

ker of the machinist union, an independent organization at that time, on the Wage Stabilization Board, but after Mr. Walker became a member of the Wage Stabilization Board the machinists union went into the A. F. of L. thus giving the A. F. of L. and the CIO all the representation on the labor side of the Wage Stabilization Board.

The only objection that will be raised to this, I believe, is that this will offer an opportunity to the President to nominate a representative of Communist-dominated unions. I see that there is some merit in that if one does not trust the President, but I trust the President will not nominate a representative of the United Electrical Workers or the ILWU or the other unions in this country that are dominated by Communists. I do not believe the President will make that kind of mistake. But if you are opposed to independent union representation, you are very likely to fall for the argument that the President will name one who is representative of a Communist-dominated union.

This is an opportunity for us to show that we believe in fair treatment to the 2,000,000 members of labor unions who do not belong to organizations which are affiliated with the two major labor organizations. This is an opportunity for us to show that the discrimination which existed in World War II will not be permitted to exist and be continued during this emergency.

I ask you in all fairness to join with me and the others who are interested in this legislation in adopting this amendment.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. LUCAS. I yield.

Mr. GROSS. That is all your amendment does?

Mr. LUCAS. That is all the amendment does.

The CHAIRMAN. The time of the gentleman from Texas has expired.

By unanimous consent (at the request of Mr. McCORMACK), debate on the pending amendment and all amendments thereto was ordered closed in 5 minutes.

The CHAIRMAN. The Chair recognizes the gentleman from Arkansas [Mr. TACKETT].

Mr. TACKETT. Mr. Chairman, I opposed the Lucas amendment the day before yesterday upon grounds other than that portion of the amendment which he is presenting today. I honestly believe it is only fair that these 2,000,000 workers who belong to valid unions but are not affiliated with the A. F. of L. or the CIO, at least should have some recognition. I sat upon the committee and heard every witness who came before us, and not one single, solitary witness, regardless of whom he might be representing before that committee, suggested that any independent union member should not belong to this wage stabilization board.

There were a couple who whipped around the post and did not say anything, but all the others who came before us, every public member and most

of the representatives of the CIO and the A. F. of L. very frankly stated that if it could be carried out in a proper manner, they could see no reason why those 2,000,000 members should not be represented by at least one member on this Wage Stabilization Board.

Let me tell you how important this is. Someone mentioned that there were about 1,200 cases now pending before the Wage Stabilization Board. Do you not know that all of us are aware of the fact that if the independent unions do not have at least one representative on the Wage Stabilization Board, their cases will never receive the attention of this Board? I cannot see and cannot imagine any argument against allowing these 2,000,000 workers who belong to valid unions—I do not mean company unions—I mean valid unions, but just do not happen to be associated with one of the two major unions, some representation upon this board.

Mr. POTTER. Mr. Chairman, will the gentleman yield?

Mr. TACKETT. I yield.

Mr. POTTER. Can the President not now appoint a member from the independent unions on the Board?

Mr. TACKETT. Yes, he can. The President can appoint a member. All Mr. Lucas' amendment proposes is that he must appoint one member of an independent union.

Mr. POTTER. I think it is a good amendment.

Mr. TACKETT. I thank the gentleman.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Chairman, the other day the gentleman from Texas [Mr. LUCAS] offered his very far-reaching amendment. The gentleman from Wisconsin [Mr. KERSTEN] offered a substitute amendment, the effect of which would have been to eliminate from the Lucas amendment the attempt to disturb the tri-partite organization of the Wage Stabilization Board and also eliminate company unions or independent union representation, as a compulsory provision of law.

The gentleman from Wisconsin [Mr. KERSTEN] was opposed to the particular amendment offered by the gentleman from Texas, as evidenced by the amendment which the gentleman from Wisconsin offered as a substitute. Most of the Republican Members, as well as many Members on our side, supported that position. The gentleman from Texas has already offered this amendment and the amendment was defeated. But the gentleman is persistent, and I admire him for it.

The effect of the amendment offered by the gentleman from Texas would disrupt the stability of the Wage Stabilization Board. The President has authority to make such an appointment now and as a matter of fact it should be left to him as a matter of proper administration, rather than provide that such an appointment shall be made by compulsion of law.

Indeed, Mr. Chairman, I am surprised that the gentleman should offer this amendment because, while he excludes it in his amendment and I know he does not have any such purpose in mind, nevertheless the adoption of his amendment would make it possible that someone of the Communist-dominated unions, that have been excluded from membership in any of the major labor organizations, could demand representation on this board.

Furthermore, it means representation by company unions. We all know what the situation in this country is in relation to company unions. The House has passed upon this matter already, Mr. Chairman. The gentleman from Wisconsin showed his opposition to it by offering a substitute amendment the other day, and a number of my friends on the other side also showed that they were opposed to that portion of the Lucas amendment which reappears here today, limited to company union representation.

Mr. Chairman, I hope the amendment will be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. LUCAS].

The question was taken; and on a division (demanded by Mr. McCORMACK), there were—ayes 42, noes 60.

Mr. LUCAS. Mr. Chairman, I ask for tellers.

Tellers were refused.

So the amendment was rejected.

Mr. HERLONG. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HERLONG: On page 18, after line 4, insert the following subsection:

"Section 402 of the Defense Production Act is amended by adding at the end thereof the following paragraph:

"(j) No rule, regulation, order, or amendment thereto shall be issued under this title, which shall deny to a seller of a material at retail or wholesale his customary percentage margin over his cost of the material during the period May 24, 1950, to June 24, 1950, or on such other nearest representative date determined under section 402 (c), except as to any one specific item of a line of material sold by such seller which is in short supply as evidenced by specific Government action to encourage production of the item in question. No such exception shall reduce such customary margin of sellers at retail or wholesale beyond the amount found by the President, in writing, to be generally equitable and proportionate in relation to the general reductions in the customary margins of all other classes of persons concerned in the production and distribution of the excepted item of material.

"Prior to making any finding that a specific item of material shall be so excepted, or as to the amount of the reductions in customary margins to be imposed upon retail and wholesale sellers of such item, the President shall consult with representatives of the affected retail and wholesale sellers concerning the basis for and the amount of the exception which is proposed with respect to any such item.

"For purposes of this section a person is a 'seller of a material at retail or wholesale' to the extent that such person purchases and resells an item of material without substantially altering its form; or to the extent that such person sells to ultimate consumers ex-

cept (1) to Government and institutional consumers, and (2) to consumers who purchase for consumption in the course of trade or business."

(Mr. HERLONG asked and was given permission to revise and extend his remarks.)

Mr. HERLONG. Mr. Chairman, I believe this is a very important amendment. It probably is not as hot an issue as the bingo issue in Binghampton, but it is very important to a large segment of our economy.

Under present OPS regulations every wholesaler and retailer is required to file with the OPS a statement of his historic discounts and mark-ups, item by item, as of the month May 24-June 24, 1950.

The effect of this amendment is that if a manufacturer, by reason of his increase in cost of production, is permitted by the Government, in order to maintain his margin of profit, to raise his cost to the seller, then it simply says that the seller can apply to that new invoice price his customary, already established mark-up, which is filed with the OPS.

In discussing this amendment the OPS says that where the distributor's invoice cost does not rise, there is no problem. That is obvious, of course; but where the cost rises and operating costs also rise to such an extent as to require the maintenance of the customary percentage margin, the OPS says that margin will be maintained.

In the deliberations of the great Committee on Banking and Currency, the gentleman from New York [Mr. MULTER] showed an exceedingly fine grasp of the point involved here when in a colloquy with Mr. Alton M. Costley, a distinguished citizen from my neighboring State of Georgia, and the president of the National Automobile Dealers' Association, Mr. MULTER said, and I quote from the record of the transcript of the hearings:

Mr. MULTER. I think—I say this with due reference—that you haven't presented your case properly there. When we first heard the testimony on the question of the ceiling price, and the automobile dealer not being permitted to pass on to the customer more than the exact increase in price that the manufacturer was charging, my reaction was, Why should the dealer be permitted to charge any more to his customer solely for the purpose of collecting another seventy or eighty dollars, which he collects at the same time, without any more book-keeping or expense?

But your industry overlooked presenting, I think until we got to the Brooklyn hearing, the fact that it isn't just a matter of collecting that seventy or eighty dollars. You must pay on the seventy or eighty dollars, your salesman's commissions, you must pay interest on that—because there are very few dealers who can go out and buy their cars for cash, so if a man is buying a hundred cars he must get financing from the banks, and he has to pay interest on that overage—and in addition to that in most cities and States, like New York, you have a gross-receipts tax and a franchise or occupancy tax based on gross receipts, so you are paying a tax on that overage, and you can't collect it. You don't collect the additional commission; you don't collect the additional interest; you don't collect the additional tax that you pay.

I am not talking about a sales tax, which is passed on to the customer. I am talking about the taxes on your business, which cannot be changed to the customer. I think those things should be presented in that light to the Office of Price Stabilization. If they are, I think you will get the relief you are entitled to.

The point is that everyone agrees that this is right, but that you should go to the Office of Price Stabilization and get your remedy there; in that connection, I say that if it is right and if it is the intention of the Congress, we had better put it into the law, because I know that people have been to the OPS and tried to get relief, and they have failed to get any relief.

The whole problem, it seems to me, is that the people who write these arguments in opposition to these amendments and those who make the decisions in the OPS have not been introduced to each other.

Mr. RIVERS. Mr. Chairman, will the gentleman yield?

Mr. HERLONG. I yield.

Mr. RIVERS. The gentleman will recall that the late departed—thank God—Chester Bowles tried to take this historic discount from the dealers in every category of our economy.

Mr. HERLONG. And the Congress put it back in.

Mr. RIVERS. Yes; we put it back in again.

Mr. HERLONG. Mr. Chairman, in conclusion, let me say that this amendment does not say that in all cases there will be no absorption of these higher operating costs. When an item is in short supply and the Government is desirous of increasing production, and is willing to allocate materials to keep these items on the market, both producers and sellers should be willing to absorb any increased cost necessary in bringing these materials to the consumer. This amendment is specifically worded to make this exception.

In a nutshell, the way things work now, and the way it can be done under this bill, if the manufacturer of an article is permitted to raise his price by reason of increased operating cost in order to maintain his margin of profit, the seller is permitted only to add the actual dollar cost increase to his price, thereby automatically cutting his percentage of mark-up which he has established with the OPS on that item. The merchant, therefore, is forced to absorb his increase in operating cost, unless he has enough money to come to Washington and fight it out with the OPS and get relief. The big man can afford to do it; the man in strained circumstances who it is really hurting cannot, so he just folds up. I am sure that it has never been the intention of the Congress to so put the squeeze on the little man. This amendment will prevent that being done.

The CHAIRMAN. The time of the gentleman from Florida has expired.

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 5 minutes.

Mr. HAMILTON C. JONES. Mr. Chairman, I object.

Mr. HALLECK. Mr. Chairman, I should like to make a brief statement: I am in complete accord with the desire of the leadership to get along with the consideration of amendments.

Mr. McCORMACK. I will withdraw my request for the time being.

Mr. HAMILTON C. JONES. Mr. Chairman, I rise in support of the Herlong cost-absorption amendment for the reason that I feel that it takes care of the merchants, both large and small, all over the country who really need attention and are suffering from lack of business at the present time.

We have taken care of the farmer and industry to a certain extent by the Poage amendment, and labor is taken care of to a certain extent in the bill, but there is no provision to relieve the situation of the merchant. It is general knowledge that mercantile establishments are overloaded with goods of all kinds and are having a very difficult time making ends meet at the present time, to say nothing of any great profit, so why not take care of the merchants who we all know are the very backbone of every community in our country and are among our very best citizens with a great many of them growing up in the community and engaging in the same mercantile business throughout their lives.

I was in Charlotte, N. C., my home city, last week, which I consider quite a busy city with a population of approximately 150,000 people, and I found from my conversations with a number of people that practically all of the merchants are having a very dull time and have more goods on their hands than they can do anything with. I talked with friends of mine who are merchants and they say all of the stores are having the same trouble and that they are in need of relief and hoped that Congress would consider them along with other groups whose interests are being considered, including the public, who are entitled to ample and decent merchandise. I agree with those I talked with, and I have had communications from a number of merchants in Charlotte to the same effect. Some of the merchants from whom I have heard are among the leading merchants, and I mention now a few of those who have contacted me:

J. B. Ivey & Co., a large department store.

J. O. Jones Co., men's clothing.

Kale-Lawing Co., stationers.

Bryan Wentz Co., men's clothing.

Belk Bros. Co., a large department store.

Tate Brown Co., men's clothing.

Sterchi Bros., furniture dealers.

Efrd's, a large department store.

A. Z. Price, wholesale plumbing, and a number of others. They all made exactly the same statements and were nervous lest the present situation cause them dangerous and critical losses.

It seems to me that the Herlong amendment hits the spot, and is the amendment that should be in the bill to protect the merchants of our country, both large and small. Its purpose is to

protect the retailers and wholesalers from being forced to absorb any increases that the manufacturers might be allowed by the Office of Price Stabilization except in two instances, first, where an item of goods is in short supply, or, second, where the Government has taken affirmative action to stimulate production of an item.

In short, the amendment would allow the retailer or wholesaler his customary percentage of margin during the period from May 24, 1950, to June 24, 1950, which he charged over his cost of the material which is known as the historical mercantile mark-up. This amendment would protect him in cases where a manufacturer had been given an increase in prices and he could not bear the increased cost of handling the article without having an increase in prices. The natural base period of from May 24, 1950, to June 24, 1950, which is a month before the Korean conflict is a fair basic period for the reason that prices had not risen as high then as they have now along all mercantile lines.

The merchants throughout the Nation feel that an amendment of this type is necessary to protect them against dangerous losses and their position is certainly borne out by the large stocks of goods on hand. No one will disagree with the statement that the merchants' shelves are flooded with stocks and that they are having a very difficult time in moving them regardless of profits.

For this reason, I am in favor of the amendment, feeling that it will take care of an important group, that is not otherwise protected in this act and are faced with an immediate critical situation.

Mr. RIVERS. Mr. Chairman, will the gentleman yield?

Mr. HAMILTON C. JONES. I yield to the gentleman from South Carolina.

Mr. RIVERS. I want to congratulate the gentleman on one of the clearest and most concise exposés on this subject I have heard. It certainly bespeaks the feeling of a great majority of us.

Mr. HAMILTON C. JONES. I thank the gentleman.

Mr. HALLECK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I want to say first of all, as I said before, that I am as much in hopes that we can move this matter along fast as anyone else, and I think maybe I can demonstrate that desire by saving what I have to say here in less than the 5 minutes allotted to me.

Mr. Chairman, I was a member of the Small Business Committee of the House of Representatives back during World War II as I am yet a member today. I recall then that we had the big freeze on automobiles. The dealers of this country were up against a difficult situation all during that war. They kept the country on wheels and they did a magnificent job. Along late in that controversy, as prices began to rise, we began to get back in production, we still had a Control Act, and the prices of automobiles began to rise and in order to effect controls or keep the price down at the consumer level, the OPA undertook to cut the traditional discount or mark-up of the automobile dealers, as they

did many other dealers in other lines. To my mind, that was not price control. They undertook to deal with profit control, and in my opinion there was no justification for undertaking to disturb that traditional relationship between the manufacturer and the retailer. As the result of the effort that was made at that time, the Congress acted to assure that the dealer, the middle man, would be protected.

Now, there have been some rather harsh things said here about the middle man. After all, if we are to have price control, we can be for price control, but that does not mean that we should take it out of the hide of the man in the middle. He has to live, too. He is a very definite part of our whole economy.

Now this problem has again arisen. Prices of automobiles have gone up for the producers. Part of that has been passed on to the consumer, but to the dealer the OPS has already said, "You cannot have your traditional historic mark-up on that part of the increase that has been granted."

We have had hearings by the Small Business Committee where the dealers have been before us and have protested that action by OPS. They have sought to have it corrected administratively but they have not been able to get it done. I say their cause is a just one, and that is the reason I support this amendment and I hope that it is adopted. I feel that it is not the province under price control operation, under the terms and limitations carried out in this amendment, to interfere with those historic, traditional mark-ups. Rather do I think that they should be preserved, and I believe we owe it to the retailers of this country who carry on such an important process that we protect them in their position.

Mr. REGAN. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Texas.

Mr. REGAN. I just want to ask the gentleman, has it not been established over a period of years that a reasonable profit on the sale of automobiles was a fair provision, and it worked out well as between the manufacturer and the retailer?

Mr. HALLECK. Of course, it has arisen through the years. It is an established situation that has come up in the industry, and I do not believe that in a temporary situation like this that we ought to destroy it, because once destroyed no one knows where it may wind up.

Mr. RIVERS. Mr. Chairman will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from South Carolina.

Mr. RIVERS. The reason that condition arose down here in the department today is because the progeny of Chester Bowles still haunts this country, which you and I are trying to make free under free enterprise.

Mr. DOLLINGER. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from New York.

Mr. DOLLINGER. Did the gentleman say that under OPA these discounts

were given back to the dealers by Congress?

Mr. HALLECK. My recollection is that it was, I think it was, by direct legislative action. I may be in error about that, but whether it was direct legislative action or not, it certainly was by action up here.

Mr. DOLLINGER. They were given the power. One observation I would like to make is that the automobile dealers in those days took money from under the table, and notwithstanding the fact that they got the discount, the consumers were taken advantage of by taking money under the table for cars.

Mr. HALLECK. The regular automobile dealer, I will say to my friend, was an honorable businessman who kept his prices at the prevailing level. Let me say to the gentleman also that the average automobile dealer in the country today is getting along on two or three cars a month, that is his allocation, and it is constantly going down. If there was ever a time that he reserves to have his voice heard, it ought to be now. As was said by the gentleman from Florida [Mr. HERLONG] quoting some statement by the gentleman from New York [Mr. MULTER] in the hearings, the gentleman from New York [Mr. MULTER] recognized the correctness of the insistence of the dealer in respect of this particular situation which already prevails.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Michigan.

Mr. DONDERO. Is it not a fact that the margin he would get is fixed between himself and the manufacturer of the car?

Mr. HALLECK. Of course; it has been fixed through long years of experience.

Mr. CRAWFORD. Mr. Chairman, I move to strike out the last word, and rise in support of the amendment.

Mr. Chairman, if I understand this amendment, it is perhaps in favor of those dealers who have their volume of business cut by reason of the allocation of materials, the shortage of supplies that has or will develop, which will mean shortages in the quantity of goods they have to sell, and all in connection with the defense effort. May I ask the author of the amendment if that is not what it covers?

Mr. HERLONG. We make an exception in a case where things are in short supply where the Government steps in and helps. Then the dealer and all people down the line should be willing to assume their proportionate part of the increased operating expense in order to get it on the market.

Mr. CRAWFORD. That is correct.

Mr. HERLONG. It is only in cases where there is no shortage of supply that this comes into operation.

Mr. CRAWFORD. Mr. Chairman, it was my privilege to help design and install the first uniform cost-accounting system for the automobile dealers of the United States. That was in the early days of the automobile game, when the companies first started to put these chains of dealers across the country. It

was necessary for the dealers and automobile companies to have a uniform cost-accounting procedure in order to get some sense and system and efficiency into the handling of automobiles, and their maintenance and their distribution, and so on, down the line.

As was pointed out by the gentleman from Indiana [Mr. HALLECK], there grew up in the industry, through catch as catch can, you might say, a margin to cover the operating expenses. Those margins did not include any substantial velvet for anybody, because competition from people who did not have an agency and who wanted an agency, applying to the manufacturers of automobiles, made it somewhat tough for the fellow who did have an agency unless that agency performed on an efficient basis. Therefore, the very pressure in the business itself cut those margins to where they should not be further reduced by some arbitrary ruling by a Price Administrator. As I understand the amendment, it is to preserve that margin of operation so that the dealers can stay in business and not have to carry an undue burden.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Michigan.

Mr. DONDERO. Is it not a fact that the dealers are required by the companies to establish a certain type of agency and set up a certain amount of administrative efficiency within their plant?

Mr. CRAWFORD. That is correct.

Mr. DONDERO. Their expense is geared to that margin which they have set with the manufacturer, and the number of cars that they get.

Mr. CRAWFORD. The dealer has to have a capital structure, he has to have a standing in the community, he has to have certain equipment about his station, he has to perform in a very excellent manner, otherwise he loses his franchise and somebody else picks it up.

There are plenty of natural hazards in the business, I mean natural hazards, without those dealers having to carry the hazards incident to politics or the hazards incident to a price stabilization program which does not particularly care whether or not a particular dealer stays in business. It was my privilege to help get this type of provision in the previous legislation years ago, and I am wholeheartedly for the amendment. I think it ought to be adopted.

Mr. MULTER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have been quoted with reference to this amendment and I have been correctly quoted. My sentiments as expressed and given to the House in that quotation are my sentiments now. I am of the impression and was of the impression that this should be handled as a regulation by the Department—by the OPS. If the OPS is not taking these matters into consideration and is not issuing regulations accordingly, then I think we must make the intent of the Congress clear and put it into the law. I am not talking for the automobile dealers. The auto-

mobile dealers today are selling their cars under the list price and the ceiling price is the list price. They do not need any help today. But the automobile dealers may need that help by the end of the year. Many other merchants are in that position today. If they are paying salesmen's commissions and they are permitted to increase the price because of the increased cost of production, then under existing regulations they can pass on that increased cost to their customer but must absorb the commissions. There is no reason why they should have to absorb the salesmen's commissions on that increase in cost. The same thing applies with reference to taxes that are imposed and cannot be passed on to the customer. That is true of every other item which must be added to the retailer's cost because of an increase in the cost of production.

He should not be required to absorb that cost. As I said before I am of the opinion this matter should have been handled by OPA by regulation. It certainly was the intent of the Congress, in my opinion, that this principle should prevail. If an increased cost is passed on and collected by the retailer without expense to him, he should get no increase. If it entails extra cost to him, he should be permitted to collect that additional expense.

Mr. McCORMACK. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, in an effort to limit the time, I would like to know what other Members desire to speak on this. I am willing to allow all the time necessary, so far as I am concerned, in view of the circumstances. Everybody is anxious to get away, but nobody who wants to talk is anxious to get through with this.

Mr. GAMBLE. Mr. Chairman, I would like 5 minutes of time.

Mr. RABAUT. Mr. Chairman, I would like 5 minutes of time.

Mr. HOFFMAN of Michigan. Mr. Chairman, I would like 5 minutes to discuss the "Old Gray Mare" business with the gentleman from Detroit.

Mr. RIVERS. Mr. Chairman, I would like to have 1 minute of time.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. HALLECK. I do not want any time, but I think the RECORD will show the colloquy which took place when the gentleman asked for a 5-minute limitation after the first 5-minute speech had been made. All I did was reserve the right to object.

Mr. McCORMACK. I am not criticizing anyone.

Mr. HALLECK. I do not think the gentleman wants to put upon me the responsibility for prolonging this debate.

Mr. McCORMACK. I am not criticizing anyone. No, no.

Mr. HALLECK. As a matter of fact, the RECORD will disclose that that responsibility cannot be put upon me in view of the situation.

Mr. McCORMACK. The gentleman from Massachusetts would be the last man in the world to do that to the gentleman; even if the facts justified it, I would not do it. I would defend the gentleman from Indiana even if he is wrong.

(Mr. TOLLEFSON asked and was given permission to extend his remarks following the remarks of Mr. McCORMACK.)

The CHAIRMAN. The gentleman from Massachusetts has ascertained that the gentleman from Michigan [Mr. RABAUT], the gentleman from New York [Mr. GAMBLE], the gentleman from Michigan [Mr. HOFFMAN] each desire 5 minutes time, and the gentleman from South Carolina [Mr. RIVERS] 1 minute.

Does the gentleman from Massachusetts [Mr. McCORMACK] propound a unanimous-consent request?

Mr. McCORMACK. What about my time, Mr. Chairman?

The CHAIRMAN. The gentleman's time has expired.

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 21 minutes.

Mr. NICHOLSON. Mr. Chairman, reserving the right to object, I would like to observe that everybody is ready to vote on this without any more talk.

Mr. McCORMACK. The gentleman is so generous.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Chairman, we started out in the consideration of this bill with the hope and expectation of passing a price control bill. At the present time, unless when we go back into the House there are many corrections made, this body will have passed a price inflation bill.

At the present time the Committee of the Whole has guaranteed profits for everybody in every segment of their activity. That is the Davis amendment. We now have everybody getting a profit, not only on their business as a whole but on every activity, every segment of the business and agriculture. So we now have a situation which is contrary to this traditional background of American activity, whether in the field of business or the field of agriculture.

Mr. DAVIS of Georgia. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. Yes, I yield.

Mr. DAVIS of Georgia. I would like to ask the gentleman to point out how the Davis amendment guarantees everybody a profit.

Mr. McCORMACK. Pardon me. I meant the Poage-Cole amendment. I stand corrected.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. Having mentioned the gentleman's name, I yield to him.

Mr. POAGE. I wonder if the gentleman will point out how the Poage amendment guarantees anybody a profit for anything. The gentleman should not use that term loosely.

The amendment does not guarantee anybody a profit. It does provide that the Government shall not establish ceilings which will deny the opportunity to make 85 percent of a normal profit, but it is definitely unfair to say that it assures or guarantees any profit.

Mr. McCORMACK. The gentleman offered his amendment in relation to the packers, guaranteeing a profit. The gentleman offered the amendment to protect the packers. Under the guise of the little independent packers he was taking care of all packers, and they were guaranteed a profit in every segment of their business.

Mr. POAGE. I did not offer that amendment. My amendment did not relate to the packers. That amendment was offered by the gentleman from Kansas. My amendment guarantees nothing to anyone. The gentleman from Kansas [Mr. COLE] then offered an amendment to include not only the packers but all business activity, and the Cole amendment was adopted. Then the Poage amendment was adopted. The result of that is to guarantee a profit to the middle man in every segment of his business activity.

We then have the Davis amendment following, which is an across-the-board roll-back to July 7. That was somewhat opposed to the Poage-Cole amendment, as I see it. On the other hand, it puts business in a strait-jacket. It puts agriculture in a strait-jacket. While my friend did not intend it, and I absolve him from any such intent, it regiments everybody, both business and agriculture.

Then, immediately they want exemptions from the Davis amendment; so minerals come in, and the House adopts that amendment. Now we have another amendment which constitutes an exemption from the Davis amendment, but there is another guaranteed profit amendment to the retailer. That is what this amendment means.

One of the results—I will not say purposes—but one of the results is in the case of the extra mark-up to permit an unnecessary charge to the consumer, when there is no service performed for the consumer. It breaks the ceiling on the Davis amendment which was adopted.

So we find that the Committee of the Whole guarantees profits to the middle man in every segment of activity; the Davis amendment throwing back to July 7; and this is another guaranty of profits amendment to the retailer. If adopted, it is another piece of evidence of my charge that instead of a price-control bill we are now passing a price-inflation bill.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. TOLLEFSON. Mr. Chairman, I rise to support the amendment offered by the gentleman from Florida [Mr. HERLONG]. This amendment would allow to the small automobile dealer his customary percentage margin over the cost of his product. It restores the historic discounts enjoyed by retailers. The amendment seems to me to be a fair and reasonable one and should, in my estima-

tion, be adopted by the House. Failure to do so would be very unfair to the automobile dealer, particularly in view of the probable and necessary curtailment of automobile production. I trust that the House approves it.

While I urge the Members to support this amendment I also urge them to approve the provisions of the bill which seek to amend the so-called regulation W. This regulation has worked a hardship not only on the auto dealer but also upon the prospective purchaser in the lower-income bracket. The latter has been unable, because of the credit restrictions of the regulations, to purchase a car. In many cases he has needed the car, not for pleasure but for business purposes and transportation. He was required to make a large down-payment and then to pay for the car over a shorter period of time than he could afford. Not being able to make the larger monthly payments, which the credit restrictions of the regulation required, he could not purchase the car, however necessary it might be. Under the provisions of the measure before us, the minimum time over which payments could be extended would be limited to 18 months by the regulation.

Credit restrictions with respect to household appliances, furniture, and certain equipment, as well as certain repairs and alterations, are likewise proposed to be eased. While this involves some slight inflationary effects, they seem justified in order to make it possible for individuals with limited income to purchase the necessary items required in their daily living. I sincerely hope that the House will also approve this provision in the pending bill.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. RABAUT].

Mr. RABAUT. Mr. Chairman, the distinguished majority leader is absolutely correct, everybody has been represented here but the consumer and the little man. I got disturbed last night reading about this fillet of filly in the paper. There was a remark in the article to the effect that if horse meat gained and beef lost popularity the price of horse meat would go up and the price of beef would go down. Feeling that the debate later may be cut off I want to make an announcement about an amendment I will propose to hold the price of horse meat. I know this will be very offensive to the distinguished gentleman from Kentucky [Mr. SPENCE], the chairman of the committee, coming as he does from the blue-grass region and the area of the fine horse paddocks of the Nation and I shall not be surprised if he opposes my amendment, but his opposition to my amendment would be my gain, because then I could have the support of the coalition of the southern Democrats and the Republicans who have been so successful in gaining every point they wanted, to protect the packer and the meat prices. So, for goodness' sake, come to my rescue to save horse meat.

You know it reminds me of a story. It seems there was a young bride of a few months who was pressing her hus-

band's best suit and she discovered in his pocket a telephone number: Frances Scott 721. She flew into a rage. She waited until he came home. He entered with his usual salutation: "Good evening, dear," She said: "Good evening, yourself," flounced out of the room, rattled the pans in the kitchen, threw the dishes on the dining-room table. He said: "Now, wait a minute; you have never acted like this before." She said: "No; and I never had the evidence that I have tonight before. What is this telephone number doing in your pocket?"

He was a businessman, accustomed to problems and quick thinking. He found himself in an awful tight spot, but he said: "Listen, now; you know, dear, I went to the races recently. 'Frances' was the name of the jockey, and 'Scott' was the name of the horse. His number was 7, and he was a 2-to-1 shot—seven-two-one." She made up with him the whole night. Things went very peacefully for the rest of the week but then he came home one evening and found her in a worse furore than the first time. He said: "Now, listen, I am husband here. Let us not have this kind of thing every once in a while. We quarrelled once before and it was very peacefully settled." Whereupon he inquired, "Has anything happened today?" "Oh, yes," she said, "your horse called up this afternoon."

Now, my colleagues, look out that your horse does not call up around next election time; just look out that your horse does not call up around election time. You know the yoke of oxen was replaced by a team of dobbins. Would it be possible that the horse might have its second victory and replace the steer?

Please let me say to you in all seriousness that when the little folks of this Nation gather around their dining-room table and clasp their hands and cast down their eyes and say: "Bless us, O Lord, and these Thy gifts which we are about to receive from Thy bounty, through Christ, our Lord;" may there occasionally be beef on the little tables of the little folks of the Nation. That is all.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. GAMBLE.]

Mr. GAMBLE. Mr. Chairman, I hope the pending Herlong amendment will be adopted. I had a similar amendment to offer, but I am withholding it, as we both desire to reach the same objective.

The Office of Price Stabilization has adopted the principle of cost absorption. This simply means that increases granted at one level of our economy must be absorbed at the next one. As a case in point, Supplementary Order 11 issued some weeks ago by OPS granted floor covering manufacturers a 15 percent increase in prices. The same order directed retailers to pass this increase through to their customers—only the dollar and cents amount of that increase—the result being a reduction of 45 percent of the profit on this item. I firmly believe that if OPS is permitted to continue writing orders containing this principle, we will find goods disappearing from the market simply because

those items cannot be handled profitably.

I believe that Congress should legislate a prohibition of the principle of cost absorption as provided in this amendment. Granting an increase in the price of goods or materials at one level of economy and then directing that another level absorb that increase is not only unfair but economically unsound and can result in shortages, substitutions, and forced quality deterioration.

(Mr. GAMBLE asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from South Carolina [Mr. RIVERS].

Mr. RIVERS. Mr. Chairman, I rise for and on behalf of the Herlong-Rivers amendment.

Mr. WILLIAMS of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. RIVERS. The Herlong-Rivers-Williams amendment.

Mr. WILLIAMS of Mississippi. Be sure to include the gentleman from North Carolina, who has already spoken.

Mr. RIVERS. With HAMILTON C. JONES.

Let me tell you that I am not getting up here to apologize for representing the small business of this country. The automobile dealers represent the small-business man and I am willing for next November to roll around because if they are still in business they will remember old RIVERS. I do not want the progeny of Chester Bowles to haunt my people, and I am not willing to permit this crew who are now running it to run them out of business.

Of course this is a sensible amendment or I would not be supporting it.

The CHAIRMAN. The chair recognizes the gentleman from Michigan [Mr. HOFFMAN].

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.)

[Mr. HOFFMAN of Michigan addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. HERLONG].

The amendment was agreed to.

Mr. BATES of Massachusetts. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BATES of Massachusetts: Page 18, after line 4, insert the following new subsection:

"() Section 402 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new subsection:

"() Nothing in this section shall prevent the President from making such adjustments in ceilings on prices, and on wages, salaries, and other compensation, as may be necessary, in his judgment, to prevent or correct hardships or inequities."

Mr. BATES of Massachusetts. Mr. Chairman, this amendment is a very simple one. It intends to add to the section in which the Davis amendment was incorporated yesterday a further proviso.

The Davis amendment, as you know, would freeze for a period of 4 months all wages and all prices, except farm commodities selling below parity. It has been argued it would not freeze rents. That is not a valid argument against the Davis amendment because rents are not included in this particular section of the bill. It has also been said it would increase the price of those items or commodities which are now selling below parity. The Congress of the United States for many years has accepted parity prices, and in view of the vote yesterday the Congress still believes in protecting the farmers and parity. That particular argument, therefore, is not valid here.

In my opinion, however, many inequities will arise as the result of this particular amendment unless some adjustments can be made. I remember a year ago when this particular bill came up for consideration there were several months in the city of Gloucester, Mass., during which there was a strike, and when the fishermen came in with their fish they had to sell them at extremely depressed prices. The Congress, in its wisdom, at that time recognized the validity of the argument to give them some way in which they could get a fair price for their fish.

Similarly, Mr. Chairman, when the voluntary controls were placed in effect last December, many good patriotic Americans held their prices stable at that particular time; others did not see fit to do so, and as a result when the general price ceiling was set in January those who had been patriotic were forced to accept the lower price for their particular commodity, although the price on other items had increased in the meantime. The Administration at this particular time is studying those problems. I have had scores of letters from industry in my particular district who said they are now losing money. I think all of us want to be fair and give a fair return to these people and certainly we do not want to pass any legislation that would impose hardships and loss upon any particular firm.

Mr. McKINNON. Mr. Chairman, will the gentleman yield?

Mr. BATES of Massachusetts. I yield to the gentleman from California.

Mr. McKINNON. Is it the intention of this amendment to affect the Davis amendment that the House adopted yesterday, and is it the intention of the gentleman that this would also work toward an adjustment of the cost of labor and the consumers' cost of the commodity?

Mr. BATES of Massachusetts. This would give the President the power, in his discretion, to take into consideration inequities and hardships.

Mr. McKINNON. In wages as well as the price of commodities?

Mr. BATES of Massachusetts. Yes.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. BATES of Massachusetts. I yield to the gentleman from New York.

Mr. KEATING. It seems to me that this amendment which the gentleman has offered would clear up most all of the objections which were made on either side of the Davis amendment. I do feel that the Davis amendment without the gentleman's amendment might be open to some question. I certainly hope the gentleman's amendment will carry, and I congratulate him on working it out.

Mr. BATES of Massachusetts. I agree 100 percent with the gentleman, and that was the reason I offered the amendment.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. BATES of Massachusetts. I yield to the gentleman from New York.

Mr. MULTER. I did not quite understand the reference the gentleman made. Did the gentleman intend to offer his amendment as an amendment to the Davis amendment so as to freeze all rents for 120 days?

Mr. BATES of Massachusetts. I am sure the gentleman did not understand me. What I did say was that the rent section was not included in this particular section of the bill.

Mr. MULTER. Does not the gentleman think it should be included?

Mr. BATES of Massachusetts. No. When the question of rent comes up, we will discuss that particular section. Rent control has nothing whatsoever to do with this particular section.

Mr. Chairman, I think this is a fair amendment. I know this House wants to be fair to the industries which are now suffering hardships. I believe that the Congress should adopt this amendment.

Mr. POAGE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I do not know now where the distinguished majority leader is. I do not see him at the moment, but I hope that he is present. A few moments ago he discussed my amendment and unfortunately confused it with several other amendments which have been offered by various other Members. I am not concerned with the confusion of authority. I am, however, greatly concerned over the confusion which the distinguished leader, and others, have tried to spread among the membership by referring to my amendment as one which guaranteed profits to certain groups. I think that the Members of this House are all grown people who would like to be treated as such. I think that the time has passed when we should be able to influence our fellow Members simply by name-calling. I think that the time has come when we should expect the membership of this House to read amendments for themselves rather than take Mr. DiSalle's canned hand-outs and assume that they are always a fair and factual statement of the case.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. I would like to point out that in connection with the amendment that the gentleman offered, the gentleman from Texas and

three other Members of the committee met with Mr. DiSalle who told us that he was working now under existing law toward the same formula as set down in the gentleman's amendment, and what amazes me is, since that amendment passed, that Mr. DiSalle has been on the radio with propaganda saying it will destroy the entire pricing fixture. Somebody is telling a lie. Either he lied to us or he is lying to the public today.

Mr. POAGE. Mr. DiSalle unquestionably told four members of the Committee on Agriculture that in the absence of any one of the three formulas which are set forth in my amendment, he realized that we could not get production. This amendment simply spells them out—the three conditions which everyone realizes are essential to production and which Mr. DiSalle admits must be present. It simply provides that he may not maintain a ceiling so low as to deny the producer the cost of his raw materials; that he may not maintain a ceiling so low as to deny the cost of processing the goods; and finally, that the ceiling shall be high enough to allow the processor to make, not an unlimited profit, but 85 percent of the profit he made during the three best years of the base period. Is that unreasonable? Do you believe that we can expect to get production if we deny the producer or processor any one or more of these three factors?

Under this amendment the OPS can, in fact, place a ceiling so low that the processor cannot earn 100 percent of his average past earnings. It definitely allows a ceiling which will return as little as 85 percent of his base profits. This is far from a guarantee of any profit.

The producer may indeed actually suffer a loss. If he does, I do not propose to have the Government make it up.

I challenge any of those gentlemen who have been so glib in interpreting this amendment to stand on this floor and read my amendment and point out just how it guarantees anybody a profit. Unless the businessman can make a profit in his business, this amendment does not guarantee him anything. To test their sincerity, let them tell you who will pay the guarantee, and how will the businessman collect it?

It is just pure hokum for them to try to tell you as grown people that this guarantees anybody a profit. Did it guarantee the spinners a profit in 1946? Of course not, but it resulted in production of the cotton goods the people needed. It will result in production now. At the present time the ceiling price of cotton is more than 45 cents. The market price on cotton is approximately 38 cents. The existence of a ceiling price can never act as a floor when goods are in ample supply, and, of course, all farm commodities which are selling below parity are obviously in ample supply. That is why the price is below parity.

The charge that this amendment is unfair as giving an advantage to processors as against agricultural producers is another pure fabrication.

They have cited the fact that wheat today sells at \$2.08 a bushel, and that the parity price of wheat is \$2.42 a

bushel. Unless you allow a ceiling price on flour and bread that is high enough to enable the miller to pay \$2.42 a bushel, there is no way under heaven whereby the price of wheat can ever reach \$2.42 a bushel in the open market. You have to allow the miller an opportunity to pay the parity price, else you have effectively placed a ceiling upon the farmer's goods, in spite of the law, which plainly says that you cannot place a ceiling on an agricultural product below parity. That is exactly what they are accomplishing with the present operation, and it is exactly what this amendment would prevent. If Mr. DiSalle really wants to control the processors' profits, the law clearly authorizes him to place ceilings on the processor's margins. He can place them there. He does not have to place them on the finished product. If he will use this method, he need not place any ceiling on the finished product until the price of the raw material reaches parity. As an illustration, suppose the OPS should freeze millers' margins at 85 percent of the base average. Suppose this allows 1 cent per pound on flour. Under such an arrangement the miller could make exactly the same margins whether he paid \$2.08—the present market price—or \$2.42—the present parity price. Thus there could be no unfair enrichment of any processor. The matter is wholly within the control of Mr. DiSalle. The amendment does not protect the profits of middlemen, as charged. It does make it possible for farmers' products, which are now below parity, to go up to parity. If Mr. DiSalle desires to use ceilings on processors' margins, he has it in his power to prevent any processor from profiting by holding farm prices below parity.

I call on the Members to stop, look, and listen before they accept the names which some people have applied to this amendment. Ask for some proof of their eleventh-hour charges.

Mr. McKINNON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am afraid I cannot provide as much noise on this subject, but I will try to shed a little light on the thing. I do not think my friend from Texas quite understands what his amendment actually does. He says it does not guarantee any person a profit. Up to that point he is technically correct, except that if we are going to have price control then it does guarantee an operator a profit, because the gentleman's amendment reads that no price shall be fixed and no ceiling shall be established unless that ceiling shall reflect an 85-percent profit. That is an abbreviated version of it, but that is what the amendment says. So unless the fellow does make an 85-percent profit of the base period you are not going to have price controls effective on a given processor or a given retailer.

Furthermore, another thing I think the gentleman does not understand is the way his amendment is going to work, and some of the things that are involved. He seems to think if you allow a man to figure parity cost, whether he pays it or not, in the processing cost of his

commodity that the processor out of the goodness of his heart is going to turn around and pay the producer of cotton or the grower of peanuts or whoever it may be parity prices. I submit that most of you know the follies of human nature well enough to know as long as you have a long supply of an article, even though the processor has the right to pay the producer parity prices, this amendment does not force him to do so. And if he does not pay parity, he still adds to the cost as if he had and charges it to the consumer.

Take potatoes as an example. The present price of potatoes is about \$1.08 a bushel. The parity price of potatoes is about \$1.82 a bushel. The processor on a potato item can charge the consumer as if his raw potato cost was \$1.82 a bushel, even though he is paying only \$1.08 for the item. So he is going to get a windfall and a spread there of 74 cents a bushel, which he is going to pass on to the consumer but not pay to the producer. What the author is actually doing by this amendment is to saddle the farmers with no better income, but with a whole lot more expense that he is going to have to pay when he turns around as a consumer to buy a given article.

The gentleman is not being fair to his own people in his district, the farmers, and certainly is taxing the consumer with something that does not represent an honest, legitimate cost of the processor. That is why this amendment does not do anything for the farmer. It penalizes him, if anything. It certainly does penalize the consumer because it provides a windfall to the processor and is totally without recognition of the true facts of life. The amendment does not do anything for the consumer. It does not do anything for the farmers. All it is going to do is to cause a further spread between what the farmer gets and the consumer pays, and jeopardizes a stabilized economy and the prospects of more production which is eventually going to whip our inflation.

Mr. FORD. Mr. Chairman, will the gentleman yield?

Mr. McKINNON. I yield.

Mr. FORD. Do you not assume in the example that you are giving that the ordinary forces of supply and demand will not interfere? Actually I cannot visualize any product on the market where you would find that disparity as between \$1.08 and \$1.82, such as you give with the example of potatoes.

Mr. McKINNON. I might point out to the gentleman there are a number of items involved, perhaps not with such a wide disparity as the example I have given, but there are many agricultural items today that are not up to parity. The reason they are not up to parity is because there is a greater supply than there is a demand. So long as there is a greater supply than there is a demand, the price is going to be below parity. The OPS, in allowing the producer to figure in his processing cost, as if it were parity, is not going to induce the producer to pay more for a commodity. Only a matter of supply and demand is going to do that.

Mr. FORD. I cannot visualize how an American consumer is going to ab-

sorb that differential in the example you just gave. It does not make sense. Perhaps the gentleman used a bad example.

Mr. McKINNON. The whole thing does not make sense, I will say to my friend from Michigan.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. McKINNON. I yield to the gentleman.

Mr. COOLEY. The gentleman from Texas challenged you and every member of your committee to substantiate your argument to the effect that his amendment guarantees profits. You did not touch that at all, and you cannot touch it and nobody else can touch it.

Mr. McKINNON. Do not presume on what another person can touch. If the gentleman will just sit down, I will give him the facts.

Mr. COOLEY. I am asking the gentleman to answer that.

Mr. McKINNON. Mr. Chairman, I refuse to yield further. I answered the question briefly at the start of my statement. If you read the amendment it says:

It shall be unlawful for the agency to maintain any ceiling prices applicable to manufacturers or processors of goods on any item.

The CHAIRMAN. The time of the gentleman has expired.

Mr. McKINNON. Mr. Chairman, I ask unanimous consent to proceed for an additional minute.

Mr. VURSULL. Mr. Chairman, I object.

The CHAIRMAN. Permit the Chair to state that the Committee has been proceeding with the understanding that the time of each Member speaking is to be limited to 5 minutes.

Mr. NICHOLSON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. NICHOLSON. Mr. Chairman, I understand that this matter the gentlemen have been talking about here for 10 minutes was adopted yesterday.

The CHAIRMAN. The pending matter is the amendment offered by the gentleman from Massachusetts [Mr. BATES], who has already spoken on his amendment.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto conclude in 15 minutes, the last 5 minutes to be reserved to the committee.

Mr. WERDEL. Reserving the right to object, Mr. Chairman, on this subject which the gentleman from Massachusetts has now presented, I had an amendment yesterday which I presented, but I did not have time to argue it. I think it would solve this problem. All I could do was to have it printed in the Record. I fully believe it would be unjust if we did not discuss this subject to its completion, and the understanding of the Members of the House. I do not see why there should be a limitation on this debate at this time.

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that all debate on this amendment and all amendments thereto conclude in 15 minutes, the last

5 minutes to be reserved for the committee.

Mr. WERDEL. Reserving the right to object, Mr. Chairman, how much time does that give each Member?

The CHAIRMAN. About a minute and a half.

Is there objection?

Mr. WERDEL. I object, Mr. Chairman.

Mr. SPENCE. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 15 minutes.

The motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. ROONEY].

(Mr. ROONEY asked and was given permission to revise and extend his remarks.)

Mr. ROONEY. Mr. Chairman, I have obtained the floor at this time for the purpose of reading to our brethren who for many days now have been actively engaged in trying to put over a phony price-control bill, the following compelling editorial from the Brooklyn Eagle, of Thursday, July 19, 1951. I trust that the gentlemen on the minority side of the aisle will carefully listen to every word of this:

The action of the House of Representatives in passing an amendment to put price control on a cost-plus basis is just as dangerous for consumers as the defeated move to kill last month's cattle price rollback. Once again the whole situation is thrown into confusion.

Political wisdom, however, seems to have prevailed in the House vote against the farm bloc's drive to kill last month's 10-percent cattle price roll-back. Public sentiment on this issue was slow in developing. Congress, in consequence, seemed determined to go along with the scheme of Republicans and southern Democrats to sabotage the whole program of price, wage, and credit controls. Almost at the last moment the factor of fear intervened and a limited victory has been scored by the Administration in its fight against inflation.

At a crisis in this fight the more discerning Republican leaders realized that they were creating an issue which might lead to the angry repudiation of their party and its candidate in the presidential election next year. The Republican party in 1951 was destined to be branded as the party of inflation, the party of the worthless dollar, the party of acute economic distress in millions of homes.

Retail food prices have reached an all-time high, according to the latest figures of the Bureau of Labor Statistics. Charles E. Wilson, Defense Mobilization Director, and Eric Johnston, Economic Stabilizer, have warned Congress that inflation, far from being past is just beginning. Yet Republicans in Congress have continued to hack away at the control program on the rash assumption that in doing so they were discrediting the President.

The voters, however, are not without discernment. They have not been impressed by the palpably specious charge of Representative Jesse P. Wolcott, Republican, of Michigan, that Republicans and patriotic Democrats are being maligning by bureaucrats and certain irresponsible elements of the press and radio. Neither are they convinced that the controls program represents a power grab by President Truman and would take the Nation along the road to British socialism.

The people are under no illusions as to the motivation of the Republican-Democratic coalition. They know that the States pro-

ducing such crops as wheat, cotton, tobacco, soy beans, cattle and dairy products have Representatives who believe that their political interests lie in subservience to the producers of these crops. The welfare of the American people as a whole is of secondary importance.

Of late, however, consumers have been removing the restraints from their mounting anger. Members of Congress are hearing from homes where high prices are producing distress.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. MACHROWICZ].

(Mr. MACHROWICZ asked and was given permission to revise and extend his remarks.)

Mr. MACHROWICZ. Mr. Chairman, it is with some degree of hesitancy and reluctance that I make these remarks during the debate on this important defense production bill. As a freshman Congressman, I must admit some degree of bewilderment and dismay over the progress of the hearings to date.

The country looks to this Congress for a sound and sensible program to carry us through the dark days ahead of us. My personal contacts with the people in Michigan and Detroit convince me that they are not lulled by any false hope that the possibility of a truce in Korea will materially affect the critical situation as it exists today. Sometimes I wonder whether the Communists have not engineered the phony armistice talks in Korea for the sole purpose of lulling this Congress into a state of complacency. Because, truthfully, it seems that while the people and the press of the country, as a whole, are aware of the danger to our American way of life, only here in Congress do we find some who subscribe to the policy of business-as-usual, sectionalism and the placing of special interests over that of the national interests.

Some of the amendments adopted by the committee today and in the last few days, have been presented by those who oppose the National Defense Act and will do everything possible to cripple it and make it inoperative. Would it not be more fitting for those who feel that way to stop crippling the act and record their opposition by voting against it?

I have heard Members of this House discuss portions of this bill by trying to figure out whether they will help or hurt their party, and not, on the basis of whether they will help or hurt the country. I have heard hours of discussion as to which political party was to blame for previous critical shortages, and which party will be blamed or credited for what we do, or fail to do, today. But not enough concern, I am afraid, is manifested over the fact that, what we do here will have a tremendous influence on the small, but unorganized, man and woman, and may seriously threaten our American way of life.

Apparently not enough of us realize that, unpopular as are direct controls, further inflation would be still more unpopular. We do not realize that we cannot give in to every insistent producer group and, protect the consumer too.

Inflation is like a flood. Nobody in his right mind sends the sandbag crew home, when the crest can still be sighted upstream. Consumer income is increasing

faster than are goods and services. Industrial costs are still rising, and prices do not yet reflect all of them.

We are voting today on a crucial question, which might easily label us as friends of the profiteers, should inflationary forces surge forward without visible checks.

I sincerely trust that when the roll calls are held later today on the amendments, and I sincerely hope they will be demanded, that we consider carefully before making a step which can do serious damage to our entire Nation.

[Mr. WERDEL addressed the Committee. His remarks will appear hereafter in the Appendix.]

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.)

[Mr. HOFFMAN of Michigan addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. RANKIN].

(Mr. RANKIN asked and was given permission to revise and extend his remarks.)

[Mr. RANKIN addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. WILLIAMS].

(Mr. WILLIAMS of Mississippi asked and was given permission to revise and extend his remarks.)

Mr. WILLIAMS of Mississippi. Mr. Chairman, I shall address my remarks to the amendment now before the House offered by the gentleman from Massachusetts [Mr. BATES]. I am sure this amendment was offered in good faith, and I can well sympathize with what the gentleman is seeking to do. On yesterday, however, the House adopted the Davis amendment after more than 3 hours' of thorough and detailed discussion, adopted it by a majority of approximately 30 votes. The Bates amendment has as its purpose the setting aside of the meaning and effect of the Davis amendment. I ask the House to look with caution upon the Bates amendment before it votes in order to keep from undoing the very thing that it took 3 hours yesterday to accomplish.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. PATMAN] to close debate on this amendment.

Mr. PATMAN. Mr. Chairman, this demonstrates the fact that you cannot write legislation very well upon the floor of the House through the consideration of amendments from the floor that have not been considered by the committee handling the bill. The Davis amendment was a very far-reaching amendment. It is now admitted that it will not be fair, and an effort is made to clarify it and to make it plain that certain fundamental things can be done. But does it go far enough? Or does it go too far? I do not know; you do not know. I think the best way out of this is to defeat this amendment and then defeat the Davis amendment on a roll

call. Then we can give serious consideration to what is necessary to be done to carry out the will of the House. Otherwise we are liable to be in a jam. We are liable to have our hands tied, we are liable to have the handcuffs on what Mr. Wilson talked about, or be in a strait-jacket. So I think the pending amendment should be defeated. Maybe it goes too far, maybe not far enough, I do not know. Then we should defeat the Davis amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. BATES].

The amendment was rejected.

Mr. YORTY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. YORTY: Page 14, after line 21, insert the following new subsection:

"(a) The second sentence of paragraph (3) of subsection (d) of section 402 of the Defense Production Act of 1950 is amended by inserting after 'Provided,' the following: 'That for a period of 120 days immediately following the date of enactment of the Defense Production Act Amendments of 1951, ceilings on commodities processed or manufactured in whole or substantial part from any agricultural commodity shall not be increased as a result of increased prices paid to producers of agricultural commodities: Provided further'."

(Mr. WATTS asked and was given permission to extend his remarks in the RECORD immediately following those of Mr. ABBITT.)

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto conclude in 10 minutes, the last 5 minutes to be reserved to the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. NICHOLSON. Mr. Chairman, I ask unanimous consent to have the amendment reread.

The CHAIRMAN. Just prior to the time it is voted on?

Mr. NICHOLSON. That will be satisfactory.

Mr. YORTY. Mr. Chairman, I appreciate the request the gentleman just made to have the amendment read again. I am sure all Members often find it difficult to vote on amendments because of the procedure in the house pursuant to which a long amendment is read by the clerk and one does not have an opportunity to examine its provisions in detail to find out exactly what they do mean. Recognizing this fact, I took my amendment to the committee table on both sides of the aisle and showed it to the gentleman from Michigan [Mr. WOLCOTT] and also to the gentleman from New York [Mr. MULTER]. I want them to help me be certain that my explanation is entirely accurate.

This amendment is made necessary only by virtue of the adoption of the amendment offered yesterday by the gentleman from Georgia [Mr. DAVIS]. If it were not for the adoption of that amendment this one would not be necessary and would have no place in the bill.

During the discussion that took place on the Davis amendment yesterday it was pointed out that the amendment made an exception of prices that were fixed pursuant to subsection (3). That section, as you all know, has to do with the fixing of the prices of agricultural commodities. It was further pointed out during the debate that the Davis amendment would freeze substandard wages at substandard levels. It would freeze prices of all kinds except agricultural commodity prices which could rise to parity or nearly so.

Mr. DAVIS of Georgia. Mr. Chairman, will the gentleman yield?

Mr. YORTY. I yield to the gentleman from Georgia.

Mr. DAVIS. I would like to point out to the gentleman that under that amendment the 10-percent ceiling which was fixed to take care of hardship and emergency cases is still permitted. It does not freeze substandard wages as the gentleman has just stated.

Mr. YORTY. I am sorry, but I differ with the gentleman on the wages. I think they would be frozen. There are many cases pending before the Wage Stabilization Board which would be held up. Substandard wages could not be increased even to compensate for the increases in food prices permitted as an exception to the so-called 120-day across-the-board freeze.

Mr. DAVIS of Georgia. Does the gentleman intend that the amendment applies to ceilings? Of course, the gentleman also understands that a 10-percent ceiling in which rises may be permitted is now in effect and will not be affected by the Davis amendment.

Mr. YORTY. My understanding, if the gentleman will permit me, is that you have frozen everything except those prices fixed pursuant to paragraph 3, and the explanation I want to make will show, I believe, that the gentleman's question is not relevant to the question my amendment involves. Mr. DAVIS' amendment would permit food prices to increase, and I feel that it is unjust to make food prices an exception to a general freeze, although I agree with the parity formula. I think parity represents a fair price and we all want farmers to receive a fair price.

When we discussed the fact yesterday that food prices might increase during the so-called freeze but wages could not increase, the gentleman from Ohio [Mr. BROWN] made this statement, and it was his statement which caused me to have the amendment drafted. He said:

To answer the query of the gentleman from New York, may I point out that the farmer receives for his wheat that goes into a pound loaf of bread about 1½ cents, so that if there is any increase in the price paid to the farmer for the wheat which goes into a loaf of bread that such a small increase can be absorbed without changing the selling price of a loaf of bread—

And so forth. What my amendment does is to prevent the pass-through by the processor to the consumer of the increased price that he may pay the producer. In other words, it prevents him from passing it on to the consumer during the period of the freeze on wages and other prices. It says that "for a period

of 120 days immediately following the date of enactment of the Defense Production Act amendments of 1951 ceilings on commodities processed or manufactured in whole or in part from any agricultural commodity shall not be increased as the result of increased prices paid to producers of agricultural commodities." The sentence that that refers to is the one that is in section 3 now and which reads as follows:

No ceilings shall be established or maintained hereunder for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the highest price therefor specified in this subsection.

That language would be nullified by my amendment for 120 days only, but in addition to that provision for a pass-through the section provides "that in establishing and maintaining ceilings on products of agricultural commodities, including livestock, a generally fair and equitable margin shall be allowed for processing." That provision would not be affected, so a reasonable margin for processing would still be allowed, as it, of course, should be.

My amendment would soften to some extent injustices written into the law by the Davis amendment adopted yesterday by this committee. I hope the Davis amendment will not be adopted by the House when we have a roll call on it. Price control is hard to administer even with a good law on the books. To iron out inequalities, to make adjustments, and to attempt to treat all persons fairly requires patience. The Davis amendment is an attempt to find an easy, illusory solution to a difficult, complicated problem. I wish it could be done, but it cannot. Because writing a fair law is tedious, we are not justified in blowing up and rushing headlong into a worse sea of troubles by virtue of an attempt to find an emotional outlet for the frustration we suffer in trying to discover a fair way to control inflation. We may as well face the fact that there is no easy solution and we have got to remain collected and enact a sane, workable control law.

Some people get impatient with the cold war. They cannot stand the strain and tension. They want a solution quickly even if it means all-out world war. But we must patiently search for a better solution than all-out war, and we must patiently write a workable law to control inflation.

(Mr. YORTY asked and was given permission to revise and extend his remarks.)

Mr. SPENCE. Mr. Chairman, I ask for a vote on the amendment.

Mr. RANKIN. Mr. Chairman, I ask unanimous consent that the amendment be again reported.

The Clerk read the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. YORTY].

The amendment was rejected.

Mr. DAVIS of Georgia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DAVIS of Georgia: Page 19, after line 3, insert the following:

"Section 405 (b) of the Defense Production Act of 1950 is amended by adding the following: 'Provided, however, That as to any such payments made prior to June 30, 1951, this authority shall extend and be applied only to payments made in willful contravention of any such regulation or order, and provided further, that all proceedings determining amounts to be so disregarded shall be subject to judicial review under the provisions of the Administrative Procedure Act of 1946.'"

Mr. DAVIS of Georgia. Mr. Chairman, under present circumstances it is possible that there would be some violations of the wage-stabilization orders and regulations throughout the country. This results primarily from the fact that the Wage Stabilization Board was not in operation for a period of something over 2 months. Because of this hiatus period there was great difficulty in understanding and applying the regulations and orders thus far issued. It was also impossible to obtain clarification of the regulations from any official source during that period. Moreover, it is likely that the uncertainty regarding the extension of title IV of the Defense Production Act has made some contribution to the number of violations which may be found.

Under the existing law, section 405 (b), no provision is made that penalties which may be invoked under that act shall have been intentional. My amendment provides that these extreme penalties which may be imposed for a violation of these wage regulations, although it may have been unintentional, it may not have been contemplated, and the person may not have known for the reasons I have just stated that he was violating the wage regulations and orders, shall not be invoked upon the violator unless such violation was intentional.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Georgia. I yield to the gentleman from Illinois.

Mr. YATES. Is the gentleman's amendment applicable only to violations of the wage regulations?

Mr. DAVIS of Georgia. It is applicable only to section 405 (b), which reads as follows:

No employer shall pay, and no employee shall receive, any wage, salary, or other compensation in contravention of any regulation or order promulgated by the President under this title.

There is other language in that provision which relates to the same thing.

Under the provision as it now is, the entire wage or salary involved may be disallowed for the following purposes:

First, in calculating deductions under the revenue laws of the United States.

Second, in determining costs or expenses under any contract made by or on behalf of the United States, either directly or indirectly.

Third, in setting or approving any maximum price ceilings.

Fourth, in determining costs or expenses of any such employer for the pur-

pose of any law or regulation, whether heretofore or hereafter enacted or promulgated.

It makes these heavy penalties possible to be invoked only if the violation was intentional. It also gives a right of judicial review. Those are the two simple provisions. I think they are justified and should be allowed.

[Mr. SPENCE addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

The question was taken; and on a division (demanded by Mr. DAVIS of Georgia) there were—ayes 59, noes 64.

Mr. DAVIS of Georgia. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. PATMAN and Mr. DAVIS of Georgia.

The Committee again divided; and the tellers reported there were—ayes 101, noes 102.

So the amendment was rejected.

Mr. GAMBLE. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. GAMBLE: Page 18, after line 4, insert the following new paragraph:

"MAXIMUM AVERAGE PRICE

"SEC. 402. No rule, regulation, or order issued under this title shall require any seller of materials to limit his sales with reference to an average by quantity of all the prices of such materials offered for sale by him at any prior time."

Mr. GAMBLE. Mr. Chairman, this is identical with the Hartley amendment which was placed in OPA in 1946.

This proposed amendment would prohibit the Office of Price Stabilization from issuing orders of the maximum average price type.

During OPA orders of this type were issued, and it was not until late in the life of that agency that Congress prohibited this type of approach to price control.

"MAP," the term commonly given to this type of order, provided that manufacturers would have to deliver their products in the same quantities and at the same prices as in a base period. As an example, shirt manufacturers producing shirts at, say, \$2, \$4, and \$6, and having sold a thousand dozens of each in a base period, would have to, under this type of order, deliver in the same ratio, pricewise and quantitywise, in the emergency period.

We believe, and our experience shows this to be the fact, that this type of order can operate only when costs are static and supplies of materials adequate. This situation, of course, rarely prevails and our experience during OPA clearly showed that many manufacturers had to withhold from the market thousands of dollars worth of needed merchandise because they did not have the perfectly balanced line due to shortages of materials or increased costs.

Although the Office of Price Stabilization has not issued any such orders as

yet, we believe Congress should legislate a prohibition of MAP.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 5 minutes.

Mr. McDONOUGH. Mr. Chairman, I object.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. McDONOUGH. Mr. Chairman, I have no intention of taking any unnecessary amount of time on this. I favor the amendment. I believe it is a pro-consumer amendment. If a manufacturer is obligated under regulations to deliver so many thousand dozens of a certain priced material in his base period and he cannot get the material for one of the items, he should be allowed to make more than a thousand dozen of another item.

I think the consumers want a variety of material on the market. I do not think it should be restricted to their base period requirements or specifications, and I think that the amendment is a good amendment to clarify the problem that all of us have had. During the days of OPA under MAP, if you will remember, you heard from your merchants about the fact that they could not supply certain types of merchandise because of the restrictions under MAP. This amendment clarifies that; it does not add to the price of the material at all, but it does give the public a variety of merchandise to choose from and it also will give the public a greater opportunity to buy in the lower grades materials than they would otherwise. I urge that the amendment be adopted.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. McDONOUGH. I yield.

Mr. CRAWFORD. First, I want to say that I am very much in favor of the amendment.

Unless this amendment is adopted the Price Stabilization Director can do this sort of thing: A manufacturer of overalls, or a manufacturer of house dresses, or a manufacturer of work socks, for instance, can have on his shelves hundreds of dozens of certain lots of socks, or dresses, or overalls which cannot be sold into the channels of distribution because there may be a difference in the price of 10 cents per dozen on socks, or 50 cents per dozen on overalls, or a dollar and a half each on dresses; there is a great shortage of supplies, yet he cannot sell those goods because in his general-average inventory he cannot meet the maximum average price regulation issued by the Price Administrator.

Mr. McDONOUGH. The gentleman is right.

Mr. CRAWFORD. In 1946 we had hundreds of thousands of dozens of all sorts of goods in manufacturers' inventories over this country which could not be sold. Specifically, one of the southern hosiery manufacturing companies, I mean that manufactures hose for men, work socks, if you please, who had thousands of dozens of a certain type of sock

he wanted to put on the market. OPA recommended to him that one way around it would be to change those socks in such way as to include some rayon in the heels, removing some of the cotton, thus introducing a new line. Then they could have gone into market but would have sold at a higher price. That deprived the consuming public out of the goods and that same thing could be repeated here unless this amendment is adopted.

Mr. McDONOUGH. I agree with the gentleman.

Mr. CRAWFORD. The amendment ought to be adopted for the protection of the consumer.

Mr. McDONOUGH. That is right.

Mr. CRAWFORD. It is strictly a consumers' amendment and gets the goods on into distribution.

Mr. McDONOUGH. It is a fraud on the public when they attempt to change the commodity by such means.

Mr. CRAWFORD. The goods of any manufacturer who manufactures and sells an assortment like overalls, socks, or house dresses, move that way, and gloves, work gloves, for instance, move that way.

Mr. McDONOUGH. Certainly. The amendment certainly is in order and I think it would clarify the situation and prevent a bad situation otherwise developing. I recommend the amendment.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. McDONOUGH. I yield.

Mr. MULTER. The trouble with this amendment is that it would permit the manufacturer to take some cheap \$4 item, change it a little and charge \$6 for it. It is very objectionable.

Mr. McDONOUGH. I do not agree with the gentleman at all.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman, under the law as now written, a merchant will not be permitted to take his low-class goods and grade them a lot higher and sell them a lot higher. Whether intended or not, and I am sure it is not intended, knowing the gentleman from New York like I do I know it was not intended, this will allow the consumer to be cheated.

You will remember back in World War II when low-priced goods disappeared from the shelves. They could be found in the store somewhere on different shelves where the price sometimes was twice as high. They were doing that to cheat in two ways, the OPA and the customer, a double-cheating deal. This amendment will restore that right to double cheat. The gentleman did not intend that, I know, but it will do exactly that.

An important price-control problem is upgrading. Sellers shift away from low-priced goods to high priced, on which more profit is made. That is perfectly natural if they can do it. If the Congress allows them to do it and writes that into the law, we can expect them to do it. This would result in a doubling of the price of goods, and, of course, making double or more the profit.

The chief method of preventing this uptrading is regulation requiring sellers to maintain the same average of prices for each category of items as he had during a specified base period. A retailer who sold \$4, \$5, and \$6 shirts in certain proportions during the base period was prevented from shifting to \$6 shirts only by such regulations. The average of prices of all shirts sold had to be maintained. Allocation orders would insure supply. In other words, here is the Government giving to them by law an allocation of shirts, but not restraining the person to whom the allocation is made from uptrading or upgrading, claiming that they are worth a lot more than they are, putting them in a different category and charging a much higher price for them. So that certainly should not be allowed.

If this amendment is adopted it will be allowed.

The authority to do so is necessary in case uptrading should appear and sellers shift out of their low-priced lines. Although there has been no maximum price regulation issued to date, because it has not been necessary, it is liable to be necessary at any time in scarce goods and commodities.

This amendment would take away the power to prevent uptrading and the low-income consumer might find that items within his reach had disappeared from the market.

Mr. Chairman, I know the Members are going to be fair. So let us not adopt an amendment in here and write a provision into the law which would encourage cheating. We are against cheating. Let us stop it. Let us not pass any amendment which would reward it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. GAMBLE].

The question was taken; and on a division (demanded by Mr. GAMBLE) there were—ayes 50, noes 78.

So the amendment was rejected.

Mr. SPENCE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SPENCE. Mr. Chairman, how many amendments are now on the Clerk's desk?

The CHAIRMAN. The Chair is aware of one more amendment to this section. The Chair was about to recognize the gentleman from Michigan [Mr. HOFFMAN] to offer an amendment which he has at the desk.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. HOFFMAN of Michigan. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOFFMAN of Michigan: On page 14, line 4, strike out section 104 and insert:

"Sec. 104. (a) Increasing prices, inflation, and inequality in the distribution of the burden of preparing for national defense

impairs the supplying and lessens the effectiveness of our Armed Forces.

"(b) Experience has demonstrated that, in time of war, there is opportunity for injurious enrichment of a few at the expense of many, and that this injurious enrichment creates disunity and tends to lessen the effectiveness of the Defense Production Act of 1950.

"SEC. 104A. Within 10 days after this act becomes law it shall be unlawful for any person (and the word 'person' shall include all organizations of which individuals are a part) to knowingly ask, receive, or pay for anything or for any service any sum (and the word 'sum' shall include money or anything of value taken in exchange) greater than the fair average price paid, or received, for such thing or service in that same locality (and the word 'locality' shall be construed to mean the local civil subdivision where the transaction occurs) during the last half of July.

"The meaning of the phrase 'fair average price' as used above shall, in each case, be determined as a question of fact by the jury, or in case a jury is waived by the court, in each case where action is brought under this act.

"SEC. 104B. In addition to the penalty herein provided, every person violating this act and who has knowingly received a greater sum for services or materials, or a combination of the two, than that fixed in the manner hereinbefore provided, shall forfeit a like sum to the United States to be recovered for the Government by action instituted by any of the officers hereinbefore designated.

"SEC. 104C. It shall be the duty of law enforcing and prosecuting officers of the Federal, State, county, municipal Government of the respective States to act as enforcement agents of the provisions of the act and to apprehend and prosecute willful violations thereof, and they are hereby charged with that duty.

"SEC. 104D. Jurisdiction to hear, try, and determine alleged violations of this act is hereby conferred upon the Federal, State, and municipal courts of the United States, the various States and the municipal subdivision of such States.

"SEC. 104E. This act shall become effective within 10 days after its adoption and it shall continue in force for a period of 1 year thereafter."

Mr. MILLER of Nebraska (interrupting the reading the amendment). Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MILLER of Nebraska. Is this an amendment or a speech?

The CHAIRMAN. The gentleman from Michigan has offered an amendment which the Clerk is now reporting.

[Mr. HOFFMAN of Michigan addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman, in the consideration of the bill that resulted in the passage of the Office of Price Administration law in World War II, the great problem we had to meet was the question of enforcement. We finally agreed to set up a separate court. The committee knew that if we left it to the over 150,000 different communities throughout the length and breadth of the United States we would not have uniform enforcement. The only way

you can have respect for a law is to have uniform enforcement. Therefore, we set up the Emergency Court of Appeals.

This amendment should be known as the rubber-teeth amendment, because the enforcement officers could not bite at all. They could not harm anybody. This is taking the good teeth out of the bill and putting rubber teeth in instead. It would not harm any violator. The gentleman says here that the case will be left up to the jury. Imagine a jury in 150,000 different communities of the United States passing on cases of this type. Of course, we are for the jury system in its proper place, but this is not a proper place, if you are to have uniform enforcement.

The gentleman refers in his amendment to the court. Which court? Justice court, county court, State court, Federal court, Emergency Court of Appeals? Which court will pass on this? It does not even say which court.

How many will be on the jury? Will there be 6 or 12? How will the jury be selected? Will they be the interested parties, or will they be disinterested parties? This is just an amendment which is very loosely drawn and does not set up any standards or any guides to go by. The main effect of it will be to destroy the enforcement of the act. If you are going to do that, you might just as well not pass the act.

Therefore, Mr. Chairman, I ask for a vote on the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Nebraska [Mr. MILLER].

Mr. MILLER of Nebraska. Mr. Chairman, it is not very often that I support the position of the gentleman from Texas [Mr. PATMAN], but I really think the amendment presented by the gentleman from Michigan [Mr. HOFFMAN] might be drawn a little looser. I do not know that it is much looser than the bill we have here with 57 amendments kicking around in it. I heard the gentleman from Texas say it shows how impossible it is to write a bill on the floor of the House. I suppose he helped to report this bill to the committee. Someone said something about an engrossed copy of the bill. The leadership of the House might be interested in such a copy.

At least half a dozen people have approached me and wondered whether or not I would be the black sheep in the picture and ask for the engrossed copy. If there ever was a time when you needed an engrossed copy, it is now when you have these loose amendments kicking around, and we have adopted amendments to this bill that have not even been completely read on the floor. The bill is 2 weeks old.

I have been here most of the time. I just do not understand a lot of things in this bill. I doubt if any Member is fully informed. I know that a couple of people could analyze it. I expect you, who may be trying to catch that train out at 10:30 tonight—the Member who had some commitments this evening and some tomorrow—they want to finish the bill. I presume if the bill is not passed tonight, the OPS and the administration would swamp the country with prop-

aganda like these unsigned statements floating around the floor. They are falsehoods and must come from the administration.

I was going to suggest to the majority leader—maybe I should not suggest this, because I do not want any responsibility for the bill—that probably the vote ought to be taken next Wednesday so commitments by Members can be met. It would also give Members a chance to study the amendments. The bill comes in with 57 amendments—more than 20 others have been adopted. I doubt if this is a good bill and will not control inflation.

Mr. Chairman, coming back to the amendment, I think we had better vote it down and try to rewrite the bill that is before us, so it will help to control inflation. I wish we could pass some legislation to control inflation. I wish it were that simple. It depends entirely upon how it is going to be administered after it is passed. But I doubt if the amendment offered by the gentleman from Michigan [Mr. HOFFMAN] is quite the right approach.

As the bill now reads, if I can understand it right, it should not be passed. It is a monstrosity.

(Mr. MILLER of Nebraska asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Chairman, we have heard a great deal recently about former Members, and about representatives of special interests lobbying around and on the floor. I wonder if you have heard of the releases being put out in the press-room right now by an agency of this Government condemning one of the amendments this House adopted. I wonder if you have read the unsigned statement going around objecting to that same amendment on the same grounds and both falsely stating that the amendment guarantees a profit to every man who produces goods. A few minutes ago a member of the Committee on Banking and Currency made that charge, was challenged by our chairman of the Committee on Agriculture to point out how that could happen, and he could not point it out. Those charges are just about as correct as the assumption of the gentleman who was driving a 1910 model Ford who, when he came to a bridge and saw the sign which said "Speed limit 40 miles an hour," said, "Lord, I can never make it."

Most of these people who are in business can never make this profit that you say is guaranteed to them. The amendment gives them no assurance that they will make any profit at all. It only gives them a chance to try to make that profit. Now to test the sincerity of those who say they do not want a bill to guarantee any profit to anyone, and who incorrectly claim that this amendment does that. I ask unanimous consent now, Mr. Chairman, that we may return to the amendment I offered on page 18 and add thereto the following:

Provided, That nothing herein shall be construed to guarantee a profit to any pro-

ducer, processor, or any other person, firm, or corporation.

Let us see whether Members are afraid that we are actually guaranteeing profits or whether they just want to have something to talk about.

Mr. ROONEY. Mr. Chairman, I object.

Mr. SPENCE. Mr. Chairman, I object.

Mr. POAGE. Mr. Chairman, it is clear that some of the Members are either not concerned with the dangers they profess to see in the amendment, or they do not consider the alleged dangers to be real. Of course, the gentlemen know as we all do that there is no substance to the claim that this amendment guarantees any profit. It is only the old trick of name calling. I have tried to show my sincerity when I say there is no guaranty. Gentlemen have objected. I trust that it is now clear that the charges leveled at my amendment are without foundation.

The CHAIRMAN. Is their objection?

Mr. ROONEY and Mr. SPENCE objected.

(Mr. STEED asked and was given permission to revise and extend his remarks.)

Mr. STEED. Mr. Chairman, I start by saying that this is the only time I have asked for on this bill, and I have only 3 minutes. I want to talk about a subject that I am sure will be of interest to all Members, about one subject that has not yet been mentioned.

We have had much disagreement on this bill. I want to direct my remarks to what I think the responsibilities of this Congress to the American people are going to be after we have completed the bill.

We will all agree that no matter how good a law we may write the public interest will not be served unless it is properly administered. I do not believe that the law can be properly administered in this connection when you have black marketeers helping write the regulations.

I want to cast no aspersions on Mr. Wilson or Mr. DiSalle or the great bulk of the people they have helping them. As a matter of fact, I think we owe it to all the personnel in OPS to see to it that their acts are not confused with the acts of those who should not be there.

To prove what I have to say I want to call attention to one name. I am not going to mention any other names because I do not believe in smearing people on rumors. Those of you who may wonder why the public was not served in the 69-page beef roll-back order might understand the reason when I tell you that one of the influences was exerted by a former black marketeer by the name of Arthur B. Maurer, of the Maurer Packing Co., who is a food consultant in OPS.

I quote from a certified copy of the court records of the Federal Court of the Western District of Missouri, Docket No. 15672, in which this gentleman and his company in October 1943 were convicted of 20 counts of black-market operations. The company was fined \$250. This man Maurer was fined \$1,500, and two other

officers of his company were fined \$125 each.

I think that this Congress ought to investigate the OPS personnel, particularly the consultants and advisory committees and staff, to see to it that only public-spirited people are down there helping out. Mr. DiSalle and Mr. Wilson must depend on those experts brought in from industry throughout the country for the kind of advice they must have. Unless they have people who are above reproach, people who do not have this sort of background, they cannot depend on the advice they get, and the American people cannot be expected to have full faith and confidence in the regulations that are passed. So I think we should see to it that an investigation is made so that after this law is passed it will be administered by public-spirited people.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

The Chair recognizes the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Chairman, it was not often that I have been able to agree, during the course of the debate on this bill, with the gentleman from Nebraska [Mr. MILLER], but I believe it might be well for a great many Members to go home and stay home until next Wednesday. I am sure at that time we would get a reversal of the vote on many of the amendments that have been adopted.

I ask unanimous consent, Mr. Chairman, to revise and extend the various remarks I have made and may make in Committee of the Whole today.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MULTER. Mr. Chairman, I am taking this time to make a few pertinent comments with reference to several of the amendments adopted in the Committee of the Whole which take controls out of this controls bill.

I hope the membership will study these comments before roll call time.

These amendments should be killed:

The Poage-Cole amendment provides cost-plus pricing on every product at every stage of production and distribution. The costs which must be included are direct costs as well as indirect costs, many of which cannot accurately be measured on individual products. In the case of agricultural commodities the processors' costs must even include parity prices, which processors do not pay when farm commodities are below parity. Most of them are. Processors of wheat, corn, peanuts, tobacco, potatoes, barley, oats, grapefruit, lemons, oranges, chickens, eggs, and apples, to name outstanding examples, would have to be allowed prices which represented a so-called reasonable profit, not just on their actual costs, but on raw-material prices substantially higher than they actually paid. Grapefruit is selling at 53 cents a box—26 percent of parity—but the grapefruit processor could set his price based on raw-material cost of \$2.02 a box. Potatoes are \$1.08 a bushel, 59 percent of parity. The potato-chip

manufacturer, however, could pretend, in setting his price, that he had paid \$1.82, the parity price for potatoes. There are innumerable such examples. But this does not end the "plus" features of the amendment. Every processor or manufacturer must be allowed for each item he makes a profit equal to 85 percent of his average profit for that item during the three most profitable years of the 4-year 1946-49 period. This cost-plus system would cost consumers, industry, and Government billions of dollars. Even worse, it would paralyze both price control and American business, because 85 percent of American corporations simply do not have the kind of cost and profit data required by this amendment.

The Davis amendment would freeze for a period of 4 months all wages and all prices except farm commodities selling below parity. It would not freeze rents. Since only five major farm items are selling above parity, this amounts to a freeze of everybody except the farmer and the landlord. Food and rents could rise while wages remained frozen. Costs to business could rise as farm commodities or imported raw materials rose in price, but business could not get essential price relief for 4 months, not even those companies operating in the red. Many might have to close their doors, throwing thousands out of work. The inflexibility in pricing would create chaos in defense production. As an example, an increase in the prices of machine tools was ordered last week to break a bottleneck in defense production. Since this order came after the July 7 deadline for price increases provided for in the Davis amendment, the machine-tool price increase would be canceled, and this bottleneck in vital defense production would continue to the detriment of our rearmament program.

The Hope amendment to ban slaughter quotas removes the only effective device for distributing fairly and equitably among established slaughterers all of the available livestock sent to market. The National Association of Independent Beef Slaughterers declares the amendment would result in the slaughter of many of our independent slaughtering firms. Without quotas only the big packers and the black market operators would obtain supplies of livestock if marketings are reduced or if military purchases rise substantially. Small slaughterers outside the major marketing areas would be squeezed out and meat famines would occur in many regions. The quota system assures a fair supply of meat to all.

The Cole amendment requiring a profit on every species of meat for every segment of the processing industry would inaugurate an entirely new pricing system in the packing industry and enable it to capitalize on current high demand for its product. The present law already guarantees a generally fair and equitable margin for all processors of agricultural commodities, including livestock. This amendment would guarantee profits to individual meat processors on lines which are not normally profitable to those firms. These higher prices are not

necessary to assure fair over-all profits to the industry. They would merely increase the packers' total profits at the expense of the consumer. Prices would be higher particularly on the cheaper cuts of meat purchased by low-income families.

The Fugate amendment, prohibiting the scheduled two additional roll-backs on beef cattle, knocks out reductions to consumers which would average 10 cents a pound on retail cuts of beef. Thus, the consumer would have to continue to pay present retail beef prices. The original 10-percent roll-back on cattle prices gave only negative relief to the consumer by preventing an increase in retail prices. The two additional roll-backs would give the consumer positive relief in lower prices on all cuts. Even after all three roll-backs scheduled for cattle prices, beef cattle would remain at 122 percent of parity, or 22 percent higher than the relative fair price determined under the parity formula. Since most agricultural commodities are selling below the parity level, the farmer would still derive greater relative purchasing power from the raising and sale of cattle than from the production of almost any other farm commodity, thus providing adequate incentive for increased production of beef cattle.

The CHAIRMAN. The Chair recognizes the gentleman from Kentucky [Mr. SPENCE] to close debate.

Mr. SPENCE. Mr. Chairman, I ask for a vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. HOFFMAN].

The amendment was rejected.

The Clerk read as follows:

RENT STABILIZATION

SEC. 105. The Defense Production Act of 1950 is amended by inserting immediately after title IV thereof the following new title IV-A:

"TITLE IV-A—RENT STABILIZATION

"SEC. 451. The Congress recognizes that there is an acute shortage of housing, particularly rental housing, in many parts of the country; further, that in order to achieve effective stabilization it is necessary to control rents of housing and of business accommodations as well as prices and wages. It is, therefore, the intention of Congress, in order to effectuate the purposes of sections 2 and 401 of this act, to provide necessary authority to stabilize rents for housing and business accommodations and to prevent speculative, unwarranted, and abnormal increases in rent for such accommodations, and to prevent unwarranted evictions from such accommodations.

"SEC. 452. (a) The President (notwithstanding the provisions of any other law except provisions hereafter enacted expressly referred to this subsection) is hereby authorized to establish and maintain maximum rents which in his judgment are generally fair and equitable and will effectuate the purposes of this title, making adjustments for such relevant factors as he shall determine and deem to be of general applicability in respect to such accommodations or any class of such accommodations, for the use or occupancy of housing accommodations in any rent-control area as follows:

"(1) For housing accommodations, in any rent-control area or portion thereof, which had a maximum rent in effect under the Housing and Rent Act of 1947, as amended,

immediately prior to the effective date of this title, the maximum rent shall be the maximum rent in effect on that date: *Provided, however*, That such individual and general adjustments in such maximum rents as he shall deem appropriate shall be made to compensate landlords for increases in costs of operation and maintenance since the maximum rent date in the rent-control area, for which they have not been previously compensated.

"(2) For housing accommodations, in any rent-control area or portion thereof, which had no maximum rent in effect under the Housing and Rent Act of 1947, as amended, immediately prior to the effective date of this title, the President may establish maximum rents giving due consideration to the rents prevailing for such housing accommodations or comparable housing accommodations during the period from May 24 to June 24, 1950: *Provided, however*, That no consideration shall be given to increases in rents after January 25, 1951.

"(b) The President may make such individual and general adjustments increasing or decreasing any maximum rents on housing accommodations established under this title, in any rent control area or any portion thereof, or with respect to any housing accommodations or any class of housing accommodations within any such area or any portion thereof, as may be necessary to remove hardships or to correct other inequities, or further to carry out the purposes and provisions of this title: *Provided, however*, That in the case of an individual adjustment increasing a maximum rent, the landlord certifies that he is maintaining all services required under this title at the time of application for adjustment and that he will continue to maintain such services so long as the adjustment in such maximum rent which may be granted continues in effect.

"(c) In order to help assure fair adjustments for tenants and small landlords, the President is authorized and directed to designate for every rent control area an officer whose function shall be to assist tenants and small landlords by—

"(A) informing them concerning the conditions under which rent adjustments may be obtained;

"(B) helping in the preparation of applications for rent adjustments;

"(C) providing them with such other information and services as may be necessary and appropriate.

"(d) Nothing in this title shall be interpreted or construed to prohibit, in the case of any rental agreement hereafter entered into, the demand, collection, or retention of a security deposit, if said deposit does not exceed the rent for 1 month in addition to the otherwise authorized collection of rent in advance if the demand, collection, or retention of such a security deposit was an accepted rental practice prior to June 24, 1950, in the area in which the premises are located, or was customarily required before that date by the same landlord in the renting of the particular housing accommodations involved, and if the tenant is allowed, under the terms of the rental agreement, to occupy the premises for the period covered by the security deposit without further payment of rent.

"(e) The President, upon recommendation of a local advisory board, or upon his own initiative, is hereby authorized to remove any or all maximum rents, in any rent control area or portion thereof, or with respect to any class of housing accommodations in any such area or portion thereof, whenever in his judgment it is no longer necessary, to effectuate the purposes of this title, to continue maximum rents in such area or portion thereof or with respect to such class of housing accommodations. Any action taken by the President under this

subsection shall not affect his authority to reestablish maximum rents under this section.

"(f) Except as otherwise specifically provided, as used in this title—

"(1) The term 'housing accommodations' means any building, structure, or part thereof, or land appurtenant thereto, or any other real or personal property rented or offered for rent for living or dwelling purposes (including houses, apartments, hotels, rooming or boarding-house accommodations, and other properties used for living or dwelling purposes) together with all privileges, services, furnishings, furniture, and facilities connected with the use or occupancy of such property.

"(2) The term 'controlled housing accommodations' means housing accommodations on which a maximum rent is in effect under this title in any rent control area.

"(3) The term 'rent control area' means any area in the United States, its Territories and possessions, in which rents for housing accommodations were controlled under the Housing and Rent Act of 1947, as amended, immediately prior to the effective date of this title (which were known as defense rental areas) and any other area designated by the President as an area where, in his judgment, rent stabilization may be or is necessary to effectuate the purposes of this title or defense activities have resulted or threaten to result in an increase in the rents for rental accommodations inconsistent with the purposes of this title.

"(4) The term 'rent' means the consideration, including any bonus, benefit, or gratuity demanded or received for or in connection with the use or occupancy of housing accommodations, or the transfer of a lease of housing accommodations.

"SEC. 453. (a) The Congress recognizes that, since rent is a substantial component in the cost of doing business, there is a direct relationship between the stabilization of prices and wages and the stabilization of commercial rents. Since the impact of increases in commercial rents on the stabilization program is of vital importance to small business enterprises, it is the intention of the Congress that the authority conferred by this section shall be exercised with particular emphasis for the protection of independent small-business enterprises.

"(b) Whenever in the judgment of the President rents for business accommodations in any rent control area have increased or threatened to increase above the rents generally prevailing upon such date as he deems appropriate, but in no event earlier than June 24, 1950, and in his judgment the stabilization of such rents is necessary or proper in order to effectuate the purposes of this title, or to promote the national defense, the President may establish maximum rents for such accommodations which in his judgment are generally fair and equitable and will effectuate the purposes of this title, and which take into account adjustment for such relevant factors as he shall determine and deem to be of general applicability in respect to such accommodations or any class of such accommodations.

"(c) The President may make such individual and general adjustments increasing or decreasing any maximum rents on business accommodations established under this section, in any rent control area or any portion thereof, or with respect to any business accommodations or any class of business accommodations within any such area or any portion thereof, as may be necessary to remove hardships or to correct other inequities, or further to carry out the purposes of this title.

"(d) Whenever the President shall have exercised the powers under subsection (b) of this section, the provisions of sections

454, 458, and 459 of this title shall apply with full force and effect to this section, to business accommodations and maximum rents under this section and to any rule, regulation, order or requirement issued under this section.

"(e) As used in this section—

"(1) The term 'business accommodations' means any building, structure, or part thereof, or land appurtenant thereto, or any other real property rented or, offered for rent for other than living or dwelling purposes, together with all privileges, services, furnishings, furniture, fixtures, equipment and facilities connected with the use or occupancy of such property, except that the term shall not include property used solely for agricultural purposes.

"(2) The term 'rent' means the consideration, including any bonus, benefit, or gratuity demanded or received for or in connection with the use or occupancy of business accommodations, or the transfer of a lease of business accommodations.

"SEC. 454. (a) The President is authorized and directed to create local advisory boards or to continue in existence local advisory boards created under the Housing and Rent Act of 1947, as amended, in any rent control area or portion thereof in which rents of housing accommodations are being regulated under this title. The President shall, whenever in his judgment there is need therefor, create or continue in existence such local advisory boards in any rent control area or portion thereof in which rents for housing accommodations are not being regulated under this title. Each such board shall consist of not less than 5 members who are citizens of the area and who, insofar as practicable, as a group are representative of the affected interests in the area, to be appointed by the President from recommendations made by the respective governors: *Provided*, That in any case where the governor has made no recommendations for original appointments to local advisory boards or appointments to fill vacancies within thirty days after request therefor (subsequent to the effective date of this title) the President shall without such recommendations appoint the original members of such boards or such members as may be required to fill vacancies. Nothing in the foregoing provisions shall require the reappointment of present members of local advisory boards, but any change in membership of any local advisory board shall be effectuated as promptly as may be practicable after the need for appointment shall arise.

"(b) Such boards may make such recommendations to the President as to housing accommodations within their jurisdiction as they may deem advisable with respect to the establishment, reestablishment, continuation, or removal of maximum rents, general adjustments of maximum rents, and operations generally of local rent offices (including recommendations for changes in the regulations, operating procedures and recommendations as to rent adjustments in individual cases). The President shall give due consideration to the recommendations of local advisory boards; and if in his judgment such recommendations effectuate the purposes of this title, he shall promptly take measures to place such recommendations in effect.

"(c) The President shall furnish the local advisory boards suitable office space, stenographic assistance and reporting services for public hearings (including attendance fees), and shall make available to such boards any records and other information in the possession of the President with respect to the establishment and maintenance of maximum rents and housing accommodations in the respective rent-control areas which may be requested by such boards.

"SEC. 455. (a) At any time within 6 months after the effective date of any regulation or within 60 days of the effective date of

any order relating to rent control under this title, or in the case of new grounds arising after the effective date of any such regulation relating to rent control, within 6 months after such new grounds arise, any person subject to any provision of such regulation or order may, in accordance with regulations to be prescribed by the President, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. Statements in support of any such regulation or order may be received and incorporated in the transcript of proceedings at such times and in accordance with such regulations as may be prescribed by the President. Within a reasonable time after the filing of any protest under this section, but in no event more than 30 days after such filing, the President shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith. In the event that the President denies any such protest in whole or in part, he shall inform the protestant of the grounds upon which such decision is based and of any economic data and other facts of which the President has taken official notice.

"(b) In the administration of this title, the President may take official notice of economic data and other facts, including facts found by him as a result of action taken under section 705 of this act.

"(c) Any proceedings under this section may be limited by the President to the filing of affidavits, or other written evidence and the filing of briefs. Any protest filed under this section shall be granted or denied by the President, or granted in part and the remainder of it denied within a reasonable time after it is filed. Any protestant who is aggrieved by undue delay on the part of the President in disposing of his protest may petition the Emergency Court of Appeals for relief; and such court shall have jurisdiction by appropriate order to require the President to dispose of such protest within such time as may be fixed by the court, and if the President does not act finally within the time fixed by the court, the protest shall be deemed to be denied at the expiration of that period.

"SEC. 456. As to any person aggrieved by the denial or partial denial of his protest by an order issued on or after the effective date of this title section 408 of this act shall apply, except that for the purposes hereof the references in section 408 to sections 407, 409, and 706 shall mean sections 455, 457, and 458, respectively, and the term 'price controls' shall mean 'rent controls.'

"SEC. 457. (a) Any person who demands, accepts, receives, or retains any payment of rent in excess of the maximum rent prescribed under the provisions of this title, or any regulation, order, or requirement thereunder, shall be liable to the person from whom such payment is demanded, accepted, received, or retained (or shall be liable to the United States as hereinafter provided) for reasonable attorney's fees and costs as determined by the court, plus liquidated damages in the amount of (1) \$50, or (2) not more than three times the amount by which the payment or payments demanded, accepted, received, or retained exceed the maximum rent which could lawfully be demanded, accepted, received, or retained, as the court in its discretion may determine, whichever in either case may be the greater amount: *Provided*, That the amount of such liquidated damages shall be the amount of the overcharge or overcharges if the defendant proves that the violation was neither willful nor the result of failure to take practicable precaution against the occurrence of the violation.

"(b) Any person who unlawfully evicts a tenant shall be liable to the person so

evicted (or shall be liable to the United States as hereinafter provided) for reasonable attorney's fees and costs as determined by the court, plus liquidated damages (calculated on a monthly basis) in the amounts of (1) 1 month's rent or \$50, whichever is greater, or (2) not more than three times such monthly rent, or \$150, whichever is greater: *Provided*, That the amount of such liquidated damages shall be the amount of 1 month's rent or \$50, whichever is greater, if the defendant proves that the violation was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation.

"(c) Suit to recover liquidated damages as provided in this section may be brought, notwithstanding any other provisions of this act, in any Federal court of competent jurisdiction regardless of the amount involved, or in any State or Territorial court of competent jurisdiction, within 1 year after the date of violation: *Provided*, That if the person from whom such payment is demanded, accepted, received, or retained, or the person wrongfully evicted, either fails to institute an action under this section within 30 days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the United States may settle the claim arising out of the violation or within 1 year after the date of violation may institute such action. If such claim is settled or such action is instituted, the person from whom such payment is demanded, accepted, received, or retained, or the person wrongfully evicted, shall thereafter be barred from bringing an action for the same violation or violations. For the purpose of determining the amount of liquidated damages to be awarded to the plaintiff in an action brought under subsection (a) of this section, all violations alleged in an action under said subsection (a) which were committed by the defendant with respect to the plaintiff prior to the bringing of such an action shall be deemed to constitute one violation and, in such action under subsection (a) of this section, the amount demanded, accepted, received, or retained in connection with such one violation shall be deemed to be the aggregate amount demanded, accepted, received, or retained in connection with all such violations. A judgment for damages or on the merits in any action under either subsection (a) or (b) of this section shall be a bar to any recovery under the same subsection of this section in any other action against the same defendant on account of any violation with respect to the same person prior to the institution of the action in which such judgment was rendered.

"SEC. 458. (a) (1) It shall be unlawful for any person to demand, accept, receive, or retain any rent for the use or occupancy of any controlled housing accommodations in excess of the maximum rent prescribed under this title, or otherwise to do or omit to do any act, in violation of this title, or of any regulation or order or requirement under this title, or to offer, solicit, attempt, or agree to do any of the foregoing.

"(2) It shall be unlawful for any person to evict, remove, or exclude, or cause to be evicted, removed, or excluded any tenant from any controlled housing accommodations in any manner or upon any grounds except as authorized or permitted by the provisions of this title or any regulation, order, or requirement thereunder, and any person who lawfully gains possession from a tenant of any controlled housing accommodations, and thereafter fails fully to comply with such requirements or conditions as may have been imposed for such possession by the provisions of this title or any regulation, order, or requirement thereunder, shall also be deemed to have unlawfully evicted such tenant and shall be liable to such tenant, or to the United States, as provided in this title. It shall also be unlawful for

any person to remove or attempt to remove from any controlled housing accommodations the tenant or occupant thereof or to refuse to renew the lease or agreement for the use of such accommodations, because such tenant or occupant has taken, or proposes to take, action authorized or required by this title or any regulation, order, or requirement thereunder.

"(b) Any person who willfully violates any provision of this title, or any regulation, order, or requirement issued thereunder, shall, upon conviction thereof, be subject to a fine of not more than \$5,000 or to imprisonment for not more than 1 year, or to both such fine and imprisonment. Whenever the President has reason to believe that any person is liable for punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

"(c) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 458 of this title, he may make application to any Federal court of competent jurisdiction regardless of the amount involved, or to any State or Territorial court of competent jurisdiction, for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order, with or without such injunction or restraining order, shall be granted without bond.

"Sec. 459. Whenever in the judgment of the President such action is necessary or proper in order to effectuate the purposes of this title, he may, by regulation or order, regulate or prohibit speculating or manipulative practices or renting or leasing practices (including practices relating to recovery of the possession) in connection with any controlled housing accommodations, which in his judgment are equivalent to or likely to result in rent increases inconsistent with the purposes of this act.

"Sec. 460. The President shall administer the authority contained in this title through the new independent agency created pursuant to section 403 of this act.

"Sec. 461. Nothing in this title shall be construed to require any person to offer any accommodations for rent.

"Sec. 462. While maximum rents are in effect under this title with respect to rental accommodations in any rent-control area, such rental accommodations shall not be subject to rent control by any State or local government.

"Sec. 463. As to offenses committed or rights or liabilities incurred prior to the termination of this title, the provisions of this title and regulations, orders, and requirements thereunder shall be treated as still remaining in full force for the purpose of sustaining any proper suit, action, or prosecution with respect to any such right, liability, or offense, notwithstanding the termination of this title in accordance with section 761 of this act."

Mr. WOLCOTT (interrupting the reading of the bill). Mr. Chairman, inasmuch as section 105 goes over to and includes the most of the language on page 40, which is stricken out in one committee amendment, I ask unanimous consent that the further reading of section 105 be dispensed with and that it be printed in the Record.

The CHAIRMAN. Is there objection? There was no objection.

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: Page 23, line 23, strike all of line 23 and down to and including line 22 on page 40, and insert:

"Sec. 105. (a) Section 403 of the Defense Production Act of 1950 is hereby amended by changing the period at the end of the first sentence to a colon and adding the following: 'Provided, however, That the President shall administer any controls over the wages or salaries of employees subject to the provisions of the Railway Labor Act, as amended, through a separate board or panel having jurisdiction only over such employees.'

"(b) Section 502 of the Defense Production Act of 1950 is amended by changing the period at the end of the last sentence thereof to a colon and adding the following: 'Provided, however, That in any dispute between employees and carriers subject to the Railway Labor Act, as amended, the procedures of such act shall be followed for the purpose of bringing about a settlement of such dispute. Any agency provided for by such act, including any panel or panel board established by the President for the adjustment of disputes arising under the Railway Labor Act, as a prerequisite to effecting or recommending a settlement of such dispute, shall make a specific finding and certification that the changes proposed by such settlement or recommended settlement, are consistent with such standards as may then be in effect, established by or pursuant to law, for the purpose of controlling inflationary tendencies; Provided further, That in any nondisputed wage or salary adjustments proposed as a result of voluntary agreement through collective bargaining, mediation, or otherwise, the same finding and certification of consistency with existing stabilization policy shall be made by the separate panel, chairman thereof, or boards established and authorized by the President. Where such finding and certification are made by such agency, panel, chairman thereof, or boards, they shall after approval by the Economic Stabilization Administrator be conclusive and it shall then be lawful for the employees and carriers, by agreement, to put into effect the changes proposed by the settlement, recommended settlement, or voluntary proposal with respect to which such findings and certification were made.'

"(c) The second sentence of section 503 of the Defense Production Act of 1950 is hereby amended to read as follows: 'No action inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, other Federal labor standards statutes, the Labor-Management Relations Act, 1947, the Railway Labor Act, as amended, or with other applicable laws shall be taken under this title.'

Mr. DOLLINGER. Mr. Chairman, I rise in opposition to the committee amendment.

Mr. Chairman, a few weeks ago this House started to consider a bill that was called a Defense Production Act. It has been so emasculated that it no longer has any resemblance to the original bill. It can be properly labeled today as one to give special privilege to the special interests and one against the interests of our country. You had better start thinking of your own defense—to defend your position if you can, before the American people on your actions on this bill.

There can be no effective price-control program without a strong, Federal control law. Rent control is as necessary to halt inflation as any other factor.

The housing shortage still is very critical. There are at least 12,000,000 people at the bottom of the economic ladder in this country, who must survive on an average of no more than \$45 per month, as well as many others existing—I mean existing and not living—on unemployment insurance, veterans' pensions, civil service, and railroad retirement pensions, white collar employees, and loyal Federal, State, and municipal employees as well as others.

Without rent control, would any portion of their small incomes be left for food or would the amount they receive be insufficient for shelter.

Rents are a major item in the living costs of the average American family. No one can choose to do without shelter, nor can a substitute be provided for it.

I have said many times that tenants, many of them, have suffered hardships at the hands of gouging landlords. Many of you have objected to the use of my words "gougers" and "profiteers" on this floor.

Let me read from the press reports—yesterday's and today's:

GI'S GOUGED, LIVE IN FILTH, SENATE TOLD

Johnson said it is commonplace for landlords to charge servicemen 100 percent more than previous tenants have paid, and that in some cases the rent gouging runs as high as 500 percent.

Fifty percent of the rental property around Camp Breckinridge, Johnson said, is not under rent control, and rent gougers who are under rent control terrorize the service families into silence with threats of eviction if they report the gouging.

GI hoyels rent for more than swank hotels, Senator says.

If landlords could do this to our servicemen, what do you think they would do to the rest of the tenants?

The amendment that will be offered in place of this section would permit any landlord, merely by filing an application, without showing need or that any increase is warranted, to obtain the 20-percent increase over the rent in effect on June 30, 1947, less any increases he received since then.

I do not see how we can justify such legislation, unless proof is submitted and passed upon that the application has merit and justifies an increase.

This Congress will go down in history, if we pass this intended amendment in place of this section in the bill—and yes, if we pass the bill in its present form as the give-away Congress—giving away everything that belongs to the people to the special interests and privileged groups.

Why at the present time property owners have received many increases from tenants on extremely liberal grounds that Congress wrote into previous bills. Not only have many increases been granted, but landlords have had no vacancies in many years—made no repairs, and did no painting. Nowadays when an apartment is vacant, it is rented on an "as is" basis. The tenant takes the apartment in any condition, usually a very bad condition, makes all repairs including the painting of the apartment, at his own expense, improving the property of the landlord.

We passed a rent control bill for the District a few weeks ago—apparently identical with this intended amendment, except in one instance and in that case the District bill permitted an increase of 20 percent over the rent in effect since 1941 less any increases received since then. The amendment we will consider in fixing 1947 as the date enables those who reside in the District to get a special benefit over the rest of the Nation. Do you want to be put in the category of the privileged? For myself, I do not want any special benefits and I do not think you do either.

Some of you might say that landlords will not abuse the right to apply for an increase in rent unless they are entitled to it. In answer to that, let me quote just a few excerpts from yesterday's and today's newspapers:

DISTRICT LANDLORDS ASK 55,000 FORMS; 100,000 UNITS FACE INCREASES IN AUGUST

Washington landlords wasted little time yesterday in obtaining forms required for rent increases on about 100,000 living units here.

The other heading reads: "Rush is on to get rent boost forms—Washington landlords aren't wasting time in seeking rent increases."

Need I say more? I trust that you will defeat this amendment to strike out this section and thereby enact real, strong, effective, Federal rent control, which is contained in the original bill, and which the intended amendment will try to kill.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. MULTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER: On page 40, after line 22, insert "For a period of 120 days immediately following the date of the enactment of this paragraph, all rents on farm, commercial, industrial and dwelling property shall be maintained at not exceeding the level prevailing on July 7, 1951."

Mr. COLE of Kansas. Mr. Chairman, I make the point of order that the amendment offered by the gentleman from New York is not germane to this section of the bill.

Mr. MULTER. Mr. Chairman, this is the rent stabilization section.

The CHAIRMAN. May the Chair inquire of the gentleman from Kansas as to what section of the bill it would be appropriate to offer it?

Mr. COLE of Kansas. The last title of the bill, title II. The committee has adopted an amendment striking out rent control, and has stricken out the provisions with respect to rent control. Therefore there is nothing in the bill which can be amended.

The CHAIRMAN. The Chair feels that perhaps the amendment of the gentleman from New York would be more appropriate to page 72 and thereafter, title II, amendments to the Housing and Rent Act of 1947. I would suggest to the gentleman from New York that the amendment be offered at that point rather than on page 40 after line 22.

Mr. MULTER. May I suggest, Mr. Chairman, the amendments referred to by the gentleman from Kansas and to

which the Chair has referred come toward the end of the bill, and are the more or less permanent provisions applying to rent control, which were intended to remain in effect as long as the Defense Production Act is in effect. My amendment is a temporary provision for rent stabilization and applies and is germane to the rent stabilization title.

The CHAIRMAN. The gentleman's amendment could apply to provisions proposing permanent control.

Mr. MULTER. Mr. Chairman, I do not want to get those temporary provisions confused with the other provisions. I do want to keep them separate and distinct. I do not want to offer this amendment to the permanent provisions.

The CHAIRMAN. The gentleman may offer it as a separate amendment if he desires to do so at the end of the bill or after the title II amendments to the Housing and Rent Act of 1947 have been read. The Chair feels that would be the appropriate place to offer the amendment.

Mr. MULTER. I trust the Chair will excuse the persistency of my insistence, but if it is in order, I would like to offer the amendment at this point.

The CHAIRMAN. The Chair has done the best he could to indicate to the gentleman that it is the opinion of the Chair it is not in order to offer the amendment at this point.

Mr. MULTER. Mr. Chairman, I withdraw my amendment.

The CHAIRMAN. The gentleman withdraws his amendment.

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gentleman from Texas, in arguing against an amendment which was offered by a Member from Michigan, said in effect that the amendment was silly, because it would leave the enforcement of the provisions of the amendment to the local courts.

Now, just to point out the inconsistency, let me say—

Mr. PATMAN. I did not use the word "silly," I will say to the gentleman.

Mr. HOFFMAN of Michigan. All right. We will strike out "silly" and put something else in on the revision that will be more fitting. We will use the word "absurdity." He ridiculed the idea of enforcement as outlined in the amendment and pointed out the absurdity—if that suits him any better—leaving enforcement to the local courts.

Let me show you just how inconsistent he is. I read from page 23, line 19, of the bill:

(e) The term "court of competent jurisdiction" as used in this section shall mean any Federal court of competent jurisdiction regardless of the amount in controversy and any State or territorial court of competent jurisdiction.

Of course, the gentleman, as an attorney, knows that when you enforce a law or when you prosecute for violation of the law, under the Constitution you go to the local court. You know, as a rule one charged with a violation has a right

to a jury trial. I only take this opportunity—and I apologize to all other Members of the House for doing it—honestly and sincerely I apologize—just to call attention to the absurdity of some of the arguments offered by the gentleman from Texas.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 40, line 23, insert:

"Sec. 105. (a) Section 403 of the Defense Production Act of 1950 is hereby amended by changing the period at the end of the first sentence to a colon and adding the following: 'Provided, however, That the President shall administer any controls over the wages or salaries of employees subject to the provisions of the Railway Labor Act, as amended, through a separate board or panel having jurisdiction only over such employees.'

"(b) Section 502 of the Defense Production Act of 1950 is amended by changing the period at the end of the last sentence thereof to a colon and adding the following: 'Provided, however, That in any dispute between employees and carriers subject to the Railway Labor Act, as amended, the procedures of such act shall be followed for the purpose of bringing about a settlement of such dispute. Any agency provided for by such act, including any panel or panel board established by the President for the adjustment of disputes arising under the Railway Labor Act, as a prerequisite to effecting or recommending a settlement of such dispute, shall make a specific finding and certification that the changes proposed by such settlement or recommended settlement, are consistent with such standards as may then be in effect, established by or pursuant to law, for the purpose of controlling inflationary tendencies: Provided further, That in any nondisputed wage or salary adjustments proposed as a result of voluntary agreement through collective bargaining, mediation, or otherwise, the same finding and certification of consistency with existing stabilization policy shall be made by the separate panel, chairman thereof, or boards as established and authorized by the President. Where such finding and certification are made by such agency, panel, chairman thereof, or boards, they shall after approval by the Economic Stabilization Administrator be conclusive and it shall then be lawful for the employees and carriers, by agreement, to put into effect the changes proposed by the settlement, recommended settlement, or voluntary proposal with respect to which such findings and certification were made.'

"(c) The second sentence of section 503 of the Defense Production Act of 1950 is hereby amended to read as follows: 'No action inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, other Federal labor standards statutes, the Labor Management Relations Act, 1947, the Railway Labor Act, as amended, or with other applicable laws shall be taken under this title.'"

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 42, line 19, after "Sec. 106" strike the remainder of page 42 and lines 1 and 2 on page 43.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 43, line 2, after "proposed", insert the following: "(a) Section 601 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new paragraph:

"In the exercise of its authority under this section, the Board shall not (1) require a down payment of more than one-third or fix a maximum maturity of less than 18 months in connection with installment credit extended for the purchase of a new automobile, or (2) require a down payment of more than one-fourth or fix a maximum maturity of less than 18 months in connection with installment credit extended for the purchase of a used automobile, or (3) require a down payment of more than 15 percent or fix a maximum maturity of less than 18 months in connection with installment credit extended for the purchase of any household appliance (including phonographs and radios and television sets), or (4) require a down payment of more than 10 percent or fix a maximum maturity of less than 21 months in connection with installment credit extended for the purchase of household furniture and floor coverings, or (5) require a down payment of more than 10 percent or fix a maximum maturity of less than 36 months in connection with installment credit extended for residential repairs, alterations, or improvements. The Board shall recognize freight costs on automobiles and make due allowance by further extending maximum maturities in connection with installment credits extended for the purchase of automobiles so as to equalize as nearly as practicable monthly payments throughout the United States."

Mr. PATMAN. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. PATMAN: Page 43, line 2, in lieu of the matter proposed to be inserted by the committee amendment on page 43, lines 2 to 25 inclusive, and page 44, lines 1 to 5, inclusive, insert the following:

"(a) Section 601 of the Defense Production Act of 1950 is amended to read as follows: "Sec. 601. No consumer credit controls shall be exercised pursuant to section 5 (b) of the Trading With the Enemy Act, as amended, or Executive Order No. 8843, after the date of enactment of the Defense Production Act Amendments of 1951."

The CHAIRMAN. Permit the Chair to inquire of the gentleman from Texas if the gentleman does not intend to offer that amendment in the form of a substitute for the committee amendment?

Mr. PATMAN. Yes, Mr. Chairman. I ask unanimous consent that it be considered as a substitute for the committee amendment.

The CHAIRMAN. Without objection, it will be construed by the Chair as an amendment in the form of a substitute for the committee amendment.

There was no objection.

Mr. PATMAN. Mr. Chairman, this is an amendment to strike out regulation W, to abolish regulation W. It is now under existing law administered by the Federal Reserve Board. The Committee on Banking and Currency made a report on this bill in which it stated that the Federal Reserve Board had harshly administered this provision of the law. The words used were very mild. We can add to them by saying that the Federal Reserve Board has been cruel and in fact, mean in the administration of this regulation W.

It is not under the supervision of the President. It is not under the supervision of any other agency of our Government. It is entirely under the Federal Reserve Board, consisting of seven members who hold their offices for 14 years each. We have been trying to get them to relax it. The watchdog committee appealed to them to change it. Everybody from the President down asked the Federal Reserve Board to change their regulations concerning durable goods, including automobiles, but to no avail. No; they would keep it exactly as it is at a time when there is an abundant supply of durable goods.

The truth is that, if regulation W is abolished, and people use their money, or part of it, to buy automobiles and refrigerators, and television sets, and everything else, that releases the pressure on scarce goods like meat and things like that; in other words, that helps keep down inflation. As it is now, when people cannot invest in automobiles they need they do not have the money to make these large down payments; therefore they keep the money they have, and it is in competition with the scarce commodities like meat and things like that that are in scarce supply. This will really help. Certainly we are not going to need this regulation W for the next 6 months. We know that. It should be absolutely abolished. In January, when we come back here, we can put it on if we need it. We can put it on any time. But we do not need it now. It is in the hands of a Board that is administering it in a cruel, harsh fashion. The best way to deal with a bureaucratic board like that is to abolish their power.

Read what the Federal Reserve Board said about this, which indicates that maybe it is not necessary. In their letter to Chairman SPENCE, the Board said that possibly this power is not needed now, possibly it should not be used. So you would not be going very far afield if you voted to abolish it. What is regulation W? That is a penalty on the poor man. That requires large down payments on transactions of \$2,500 or less, except automobiles, and of course there it could be more. That is a penalty on the poor. The person who does not have \$2,500 is subject to all of these restrictions and all of these investigations are made concerning him. But when anyone buys anything above \$2,500 he is just footloose and fancy free. He can buy anything on earth. There are no restrictions of any kind. There is no down payment and no regulations of any kind, on transactions of \$2,500 and above. This, I repeat, is a penalty on the poor. It is a restriction on the poor.

What is the best collateral in the world? It is not real estate; it is not personal property; it is character—character. That is the best collateral on earth. So this regulation is destroying character as a collateral. I do not care how good a reputation a person has for paying his debts, and if his reputation is excellent, regulation W destroys his character as collateral for a loan. It makes no difference that he has worked a lifetime to gain that reputa-

tion, rendering public service, and living as a real man should in the community in which he lives. Such a person, when he wants credit, should get credit. But this regulation destroys character as collateral for credit.

WILLIAM M'CHESNEY MARTIN IS A GREAT AMERICAN AND MAKES AN OUTSTANDING CHAIRMAN OF THE FEDERAL RESERVE BOARD, BUT SOME OF HIS SUBORDINATES DO NOT KNOW WHAT THEY ARE TALKING ABOUT—BOARD'S LETTER TO CONGRESS EXPLAINING ITS POSITION ON REGULATION W IS PACKED WITH FALSEHOODS AND IGNORANCE OF AMERICAN BUSINESS PRACTICES

Mr. Chairman, on July 19, 1951, William McChesney Martin, Chairman of the Federal Reserve Board, addressed a letter to Chairman SPENCE, of the House Banking and Currency Committee, explaining the Board's position on installment credit controls which are part of title 6 in the Defense Production Act, and are known as regulation W. I want to answer that letter in detail since it was widely published and is taken as gospel truth in many quarters solely because it is a document emanating from the Federal Reserve Board.

To begin with, I want to make my own position clear regarding Mr. Martin. He is a distinguished American who has served his country unselfishly in war and peace. His integrity and professional and personal honesty could not be questioned by any man. He was president of the New York Stock Exchange when he was only 32 years old. He is only 45 years old now and he brings to the Federal Reserve Board an excellent background in banking and finance. He has been at the Board less than 4 months. Obviously, I should be most unreasonable if I expected him to have all of the Board's operations at his fingers' tips. He is an excellent administrator, which means that he depends on the honesty and competence of his associates in arriving at decisions affecting public policies. His letter to Chairman SPENCE, for example, very patently is a composite draft of the ideas of many different economists on the Federal Reserve Board's staff.

The letter is the most illogical piece of writing that I have ever read. In one breath it says that regulation W is not too important after all and that the country will not go to the dogs if we abandon it altogether. In the very next breath the letter tells Congress that regulation W is needed in the fight against inflation. Federal Reserve Board economists have finally succeeded in reconciling contradictions, a piece of intellectual wizardry that is hard to match.

The following language speaks for itself, and I am quoting accurately from Governor Martin's letter:

We do not wish to exaggerate the importance of this regulation. We are not prepared to say at this time that even if the Congress decided to abolish it altogether the consequences would be grave.

Another section of the letter reads:

It—

Regulation W—

has inherent limitations and defects as a means of credit restraint. It affects only one segment, though an increasingly important segment, of the credit structure.

There you have it. The Board is saying, in effect, that it wants no part of regulation W. That is a realistic statement and an honest statement, and I want to pay public tribute to Chairman Martin for his courage. It is not often that we find such refreshing honesty in this town. Here, very frankly, the Board is telling Congress that the whole idea of regulation W should be dropped.

Apparently at this point in the letter one of the bureaucratic empire builders saw the possibility of the loss of hundreds of jobs and sales-talked Mr. Martin into inserting arguments to show Congress that regulation W is a credit control and is necessary therefore during the emergency. There is going to be a day of reckoning on this whole matter of regulation W, and when that day comes some of Mr. Martin's subordinates are going to have to do some tall talking to explain how they got Mr. Martin boxed up in this controversy in the first place.

The Board's letter pegs its whole case on the premise that regulation W is a credit control. If regulation W is merely an inventory control, the letter says, the administration of the regulation should be placed in the hands of another agency. In this connection the letter says:

It is, as we have indicated, an emergency antiinflation measure.

That is the nub of the Board's case in favor of the regulation, which, as I have already pointed out, the Board says can be dropped without grave consequences.

Without getting involved in a lot of economic double talk, let us see just how much effect regulation W has had in curbing inflation. I can show you that it has had the opposite effect. It is fanning the flames of inflation, not dampening them, as the Board argues.

Regulation W, along with other economic factors, did cut down consumer installment credit by \$500,000,000 in the first 4 months of this year. The Federal Reserve Board likes to brag about that. But, as usual in this controversy, the Board is not telling the public all of the facts.

The facts are that people in the lower-income groups, denied the right to buy furniture and other household necessities because of the heavy down payments required under regulation W, go out and liquidate their savings into cash. They draw from their savings, they cash their bonds and their postal-savings accounts.

In the first 4 months of 1951 the people withdrew \$450,000,000 more cash from their accumulated savings deposits than in the same 4 months of 1950.

They redeemed \$329,000,000 more of series E Government bonds than they bought in January, February, March, and April of this year. They actually cashed in \$1,478,000,000 worth of E bonds in these 4 months, while at the same time another group bought only \$1,149,000,000 worth of E bonds, representing a net loss to the Treasury of \$329,000,000.

They withdrew \$100,000,000 net from their postal savings in the first 4 months of this year.

While individuals are cashing in their series E Government bonds at a frenzied

rate, in most cases to get the cash to make down payments on the things they need, businessmen are running to the banks for additional credit to finance their mounting warehouse inventories which regulation W has made unsalable. Inventories are rising at the rate of \$1,000,000,000 a month and it is conservatively estimated by Government economists, outside of the Federal Reserve System, that almost \$2,000,000,000 in new bank loans have been required to finance the durable goods now frozen in warehouses of retailers, wholesalers, and manufacturers.

For example, I know of one big installment retailer in the South who sometimes has outstanding bank loans of perhaps \$250,000. This same retailer today has a bank loan of \$1,750,000 which he needs to carry his inventory. I know of another large installment retailer who sometimes borrows as much as \$500,000 to carry his usual sizable inventory. Today, his bank loans total almost \$2,000,000. These two cases illustrate how piled up inventories force retailers to obtain bank credit, which any child can see is highly inflationary. I do not think I have to say more at this point to show that regulation W is inflationary and not a credit control at all, as the Federal Reserve Board says it is.

The Board's letter continues with an explanation of why it does not believe that regulation W can be liberalized at this time. The letter states:

We do not believe that we should, by such an action, encourage the general public to incur more consumer installment debt which would be financed ultimately by further expansion of bank credit.

That statement is the prize economic boner of 1951, and leads me to distrust everything that the Board says and does on the subject of regulation W. Whoever slipped that statement into the letter reveals conclusively either that he does not know what he is talking about or that he is deliberately attempting to deceive the Congress. The statement further proves the danger of putting these controls into the hands of persons totally unfamiliar with business practices and with production and distribution methods of this country.

When there is a free flow of goods, a great majority of installment retailers do their own financing. It is only when consumers refuse to buy, or are prevented from buying by an artificial regulation, such as regulation W, that businessmen are forced to resort to bank loans to finance their mounting inventories at the retail, wholesale, and manufacturing levels.

The Martin letter would seem to indicate that the Governors think it is when the consumer buys an article on credit that this is the signal for the creation of a new bank loan—that this is where the inflationary stream begins. What a naive idea.

The fact which every businessman knows is that when goods are produced, bank loans are negotiated to finance the labor and raw materials necessary for their production. When retailers buy these goods from manufacturers, the retailers in turn first use their own capital

to finance inventories; and as these inventories rise beyond normal limits, they are increasingly forced to resort to bank loans to carry them.

It is when the consumers purchase these products, take them out of the retailers' inventories, thereby keeping the distribution pipelines open, that the bank loans created to manufacture and warehouse these goods can be paid off—and only then.

The Board of Governors would have us believe just the opposite—that when the consumers finally purchase these articles, business turns around and seeks bank loans to finance these consumer receivables.

The truth is that more than half of America's retailers do not resort to banks at all to finance their consumer receivables. Most retailers, and practically all wholesalers, and a high percentage of manufacturers must resort to bank loans to finance the accumulation of goods in warehouses, particularly at a time when the warehouses are bulging with goods that cannot be moved to the consumers because of the heavy down payments required under regulation W.

And so it is that while the Federal Reserve Board can point out that they have reduced consumer indebtedness by a half billion dollars in the first 4 months of 1951, the fact remains that new bank loans undertaken by retailers, wholesalers, and manufacturers to finance this mounting supply of unsold goods have far outstripped the paltry reduction of consumer indebtedness—so that the net effect of this consumer-credit regulation has been drastically inflationary and has forced the addition of vast new amounts of circulating money in the form of bank deposits through bank loans.

It is clearly seen, therefore, that choking inventories caused by regulation W stimulate bank loans which are inflationary. The letter from Chairman Martin naively attempts to draw a distinction between inventories on the one hand and bank credit on the other. In underlying economic consequence they are the same thing.

Obviously, economists of the Federal Reserve Board fail to grasp the difference between consumer credit and bank debt incurred by businessmen. Business loans at banks actually create new currency. It is in this field in which the Federal Reserve System normally functions and it is here that the Federal Reserve Board should seek to do its anti-inflation job.

When a consumer goes into a store and buys something for cash, he immediately returns to the merchant the merchant's full investment in the product, permitting the merchant immediately to pressure manufacturers for another article to replace the one sold. If the same consumer were permitted to purchase on the installment plan, as is the practice of more than a majority of people in a free economy, it would be several months before the merchant would be enabled to regain a sufficient amount of his invested capital to return to the wholesale markets and ask for an article to replace the one sold. When we recall, as I have said,

the well-known fact that more than half of all durable products sold by retailers are financed by these retailers without resort to bank loans, it is clear how this type of sale actually retards the circulation of money. It is not hard to see that it actually slows down the dollar turnover. This is directly in contrast to the speeding up both of the amount and the velocity of the money turnover when the free flow of goods from producer to retailer to consumer is artificially dammed up, such as it is under regulation W.

The Federal Reserve Board either does not understand the economics of production and distribution and the way consumer markets act and react, or it is willfully attempting to confuse Congress by failing to bring out all of the facts.

Since regulation W is more inflationary than deflationary it should be abolished. The only excuse for its existence that I can see is to give jobs to a bunch of people who should be working in defense plants where they would be more useful to the country, and, in the long run, to their families because they will not be at the Federal Reserve Board after the country gets wise to this fraudulent and brazen attempt to regulate trade.

Mr. Chairman, I hope the amendment is adopted.

Mr. BROWN of Georgia. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in opposition to the amendment.

(Mr. BROWN of Georgia asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Georgia. Mr. Chairman, I am sorry that because of illness the gentleman from Texas [Mr. PATMAN] was not with the committee when we considered the provisions relative to regulation W. I remember last summer when we had the first defense production bill up, I came down to the office one morning in a taxicab. It was a new Ford. I asked the boy driving it how much he had paid for it. He told me he had paid \$2,360, if I remember correctly. I said, "How much did you have to pay down?" And he said, "\$100." I said, "You had that, did you not?" He said, "No, I had to borrow the \$100."

Mr. Chairman, we need this credit control. It is the indirect control that we have been discussing. I think credit control is one of the most important things we have to curb inflation. We are helping the less fortunate people. We did everything that the automobile people asked us to do. I am a member of the watchdog committee. Last fall, at the instigation of the gentleman from Texas [Mr. PATMAN] we called in members of the Federal Reserve Board. I am the one who suggested that they extend deferred payments to 18 months. They said they would consider that and intimated they might accept it. Under the regulations they require one-third down payment for new cars, and give only 15 months to make the balance of the payment.

The Federal Reserve Board refused to grant any relief to the automobile industry. So this year we had representatives of the automobile industry to testify before the Banking and Currency Committee at the hearings on the bill we are now

considering. Mr. Costley, representing the National Automobile Dealers Association, said: "We do not mind the one-third down payment. We would like to have 21 months' deferred payment, but Mr. Brown's proposition of 18 months would be satisfactory to us." We not only did that, but instead of requiring one-third down payment for used cars, we reduced that to 25 percent, and we gave them 18 months. That is what we did. The automobile owners, manufacturers, and distributors of used cars are satisfied with our amendment in the bill. We reduced the down payment for these people and also gave them further extension.

We gave the same treatment to the householders; we gave them the same reduction in the way of cash payments and deferred payments. I believe we satisfied these people as well as those engaged in the automobile industry. I think this is one of the most important methods we can have to control inflation and help stabilize the value of the dollar.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Georgia. I yield to the gentleman from Texas.

Mr. PATMAN. Is it not a fact that the Board of Governors of the Federal Reserve System wrote a letter to Chairman SPENCE of the committee, in which it is stated, under date of July 9, in discussing this thing:

We do not wish to exaggerate the importance of this regulation. We are not prepared to say at this time, even if Congress decided to abolish it altogether, that the consequences would be great.

In other words, they are not prepared to admit that it is necessary.

Mr. BROWN of Georgia. What has that got to do with my remarks? We carried out exactly what the automobile owners and housewives wanted. I think the Federal Reserve Board went further than necessary for the best interest of the country and the car users, but I think they should have some power to curb credits but should not abuse this power. They refused to do what the "watchdog committee" asked them to do and what the chairman of the Committee on Banking and Currency asked them to do, therefore in order to give relief we adopted the amendments I have just spoken about.

Mr. PATMAN. That is just with reference to automobiles.

Mr. BROWN of Georgia. No. No. Read the bill. We gave the same treatment to the housewives for the facilities in the home, including furniture, appliances, radios, television sets, electric refrigerators, and so forth.

I introduced the amendment which was approved by the committee and included in this bill to carry out the wishes of the committee in liberalizing the credit controls, as I have just explained, but I insist that we must have credit controls and other indirect controls coupled with direct controls in order to reduce inflation and save the purchasing power of the dollar, so Mr. PATMAN's amendment to do away with credit controls should be defeated.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. McCORMACK. Mr. Chairman, I would like to see if we cannot agree on time. The gentleman from Michigan [Mr. WOLCOTT] has been telling us how anxious he is to get through.

Mr. WOLCOTT. I am no more anxious to get through than you are. I hope that together we are anxious to get through with this bill and cut out the politics.

Mr. McCORMACK. The politics is on your side.

Mr. WOLCOTT. The politics is on your side. What is the gentleman's unanimous-consent request? Is he going to make one?

Mr. McCORMACK. That is what I was about to do.

Mr. WOLCOTT. Let us have it.

Mr. McCORMACK. Let us see if we can get an idea of how many want to speak on this particular amendment.

I ask unanimous consent, Mr. Chairman, that all debate on the pending amendment and all amendments thereto close in 30 minutes.

Mr. HOFFMAN of Michigan. Mr. Chairman, reserving the right to object, to ask a question as to procedure, will Members on the minority side of the Committee be recognized alternately or not?

Mr. McCORMACK. That matter rests with the Chair.

Mr. HOFFMAN of Michigan. I am asking the Chair.

The CHAIRMAN. The Chair will alternate.

Mr. BUFFETT. Mr. Chairman, reserving the right to object, is the limitation to take effect after my time?

The CHAIRMAN. The gentleman has not been recognized yet, but it is the intention of the Chair to recognize him next.

Mr. McCORMACK. I think the 30-minute limitation should begin after the gentleman from Nebraska concludes; that would be the normal procedure.

Mr. WOLCOTT. Why do you want 30 minutes on it? We can discuss this matter in less time than that and decide it much earlier than 30 minutes.

Mr. McCORMACK. Look at the number of Members standing who wish to be recognized.

Mr. WOLCOTT. If you want 30 minutes, all right. Earlier today we offered to go along on 20 minutes to each amendment.

Mr. McCORMACK. But there are 15 or 20 Members standing now.

Mr. WOLCOTT. That will be the situation on every amendment offered. Do you want to finish this bill this afternoon, or do you want to let it go over until the middle of next week?

Mr. McCORMACK. Very well. To test the gentleman's suggestion I ask unanimous consent that all debate on this amendment close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

Mr. RIVERS. I object.

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 20 minutes.

Mr. TACKETT. Mr. Chairman, reserving the right to object, I have two amendments at the desk. Where do I stand in the matter of time?

Mr. McCORMACK. All the gentleman has to do is to object. We will reach the 30 minutes anyway.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The CHAIRMAN. The gentleman from Nebraska is recognized for 5 minutes, and the limitation of debate on the amendment will not begin until the gentleman from Nebraska has concluded.

(Mr. BUFFETT asked and was given permission to revise and extend his remarks.)

Mr. BUFFETT. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Texas.

Mr. Chairman, the section now before us is the one part of this bill that actually does something tangible and positive toward halting inflation.

This is the section that does something about credit expansion, about the increase in the money supply, yet the gentleman from Texas proposes that we throw it out.

Now, if you want to pass a bill that has nothing in it to stop inflation, pass his amendment; but if you want to pass a bill that does something about inflation you had better preserve this power rather than weaken it. The power of the Federal Reserve Board to restrict credit expansion should not be diluted but left intact.

When the gentleman from Texas was speaking he may have been a bit over-enthusiastic because he said this:

Everybody from the President on down is opposed to regulation W.

I have in my hand here the quarterly report of the Director of Defense Mobilization, Charles Wilson.

Mr. PATMAN. Mr. Chairman, will the gentleman yield for a correction?

Mr. BUFFETT. I will yield when I have finished my statement.

Mr. PATMAN. The gentleman has made an error in his statement.

Mr. BUFFETT. I took the gentleman's words down as he spoke, and those words are: "Everybody from the President on down—"

Mr. PATMAN. Asked for a change of regulation W.

Mr. BUFFETT. All right; leave it that way; let us see what Charles Wilson says about a change in this regulation, the same Charles Wilson whom we are so frequently admonished to follow as our guide. He said this in his report on July 1:

Over the last months credit controls have proved themselves to be effective instruments for restraining inflation.

Federal Reserve Board Regulation W has been a powerful check on consumer spending for durable goods. This has not only helped to restrain inflation but has made it easier to transfer scarce materials, such as steel and aluminum, to defense production.

Now, his message brings it down to a right simple proposition. If you want to stand by your Director of Defense

Mobilization, if you want to do something to stop inflation, you will keep regulation W the way it is. That is the advice of the Director of Defense Mobilization, Charles Wilson.

Are we kidding about inflation or do we mean business? The demand for loose credit policies brings the issue into focus.

The gentleman from Texas [Mr. PATMAN] seemed to give the impression that the Federal Reserve Board in their letter of July 9 might be doubtful about the merit of this regulation. I have their letter of July 9 and I want to read to you pertinent remarks from it. Here is the considered judgment of the Federal Reserve System on the demands for liberalizing the present credit regulations:

We could not justify liberalizing the terms of this regulation at a time when upward pressures on prices, even though abated at present, threaten to reemerge irrespective of Korean developments.

Here it is. Charles Wilson and Mr. McC. Martin, head of the Federal Reserve Bank, say sit tight, keep this regulation to stop inflation.

Do you mean business? Do you want to stop inflation? Then keep regulation W in its present form.

I make this plea despite the fact that I believe none in this House is more allergic to Government controls than the Member from Nebraska now speaking.

Yet I cannot ignore presently prevailing inflationary conditions. Relaxation of this regulation will accelerate inflationary pressures.

It is only one sector in the fight, but it is one that we can do something about now and if inflation is to be halted this credit control is an important part of the defense.

Mr. WOLCOTT. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WOLCOTT. Mr. Chairman, is it in order for a Member to talk twice on the same amendment?

The CHAIRMAN. A Member may rise in opposition to a pro forma amendment and accomplish that result, if he desires to do so.

Mr. WOLCOTT. I just wanted to find out. I do not want to do that.

The CHAIRMAN. The Chair recognizes the gentleman from Arkansas [Mr. GATHINGS].

Mr. GATHINGS. Mr. Chairman, I favor lengthening the time to pay in the purchase of consumer merchandise on the installment plan. I also feel that the down payments are too high for the workingman to buy an automobile to be used to go to and from his work and for appliances for his home.

Mr. Chairman, I have operated an implement business, automobile agency, and appliance business. I know some of the problems that now confront retail dealers in these various types of commodities. These dealers want to move their merchandise and meet overhead expenses as well as keep their employees employed. I have here a letter. It did not come from my district, but it shows the situation that exists with regard to

furniture manufacturers in the State of Arkansas on account of regulation W being in operation. They have no buyers.

I hold in my hand here further evidence of why I am supporting amendments offered to relax the provisions of regulation W. Here is an advertisement in which Lacy's offers an 8-foot refrigerator for \$169. You can get a new Pontiac delivered in Washington for \$1,810. You can get a 1951 demonstrator automobile for \$400 under the list price. Take furniture. Anyone who wants to get married can buy a very fine bedroom suite for \$119.95 at the Hecht Co. Move down the line. It is the same with clothing. Here are ads in which you can buy appliances, at 70 percent off and 40 percent off. As a matter of fact, there are too many automobile appliances and durable goods available and for that reason regulation W should be modified.

To permit the warehouses to remain filled with manufactured items will stagnate business. To permit these items to be sold would not increase the danger of inflation without the manufacturers failed to produce a sufficient supply of these goods to meet the needs of the consuming public in the months that lie ahead. If we run into a sellers market then there would be a need for reactivating credit controls. But there is no reason to continue regulation W at this time.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, there are three main lines of credit. One comes from installment-credit producers, the other comes from the commercial banks, and the other comes from the Federal Reserve banks. It is very difficult to discuss or analyze regulation W and its effect in inflation control without considering the other two types of credit control along with it. I think there has been severe administration of regulation W as related to the supply of goods and as related to the absence of any substantial control on the part of commercial bank credit and Federal Reserve bank credit. It is extremely difficult to deal with one without dealing with all of them, and I think the administration has miserably failed in the administration of Federal Reserve bank credit as well as commercial bank credit so much of which has been used for speculation. If the committee amendment is what industry asks for, as I understand the gentleman from Georgia [Mr. Brown] said it was, it may be that that is about the best thing we can do for our people under present conditions. How badly the power of the Board to enforce regulation W will be needed if the administration once decides to use indirect credit controls, we cannot now say or measure. Those who support indirect controls and oppose direct controls must keep in mind that regulation W is a part of the indirect controls.

The CHAIRMAN. The Chair recognizes the gentleman from Arkansas [Mr. TACKETT].

Mr. TACKETT. Mr. Chairman, I rise in support of the amendment to abolish

installment-credit controls, which are generally known as regulation W and are administered by the Federal Reserve Board.

The Federal Reserve Board is a central bank and its chief function is the regulation of money and credit. In times of inflation the Board is supposed to cut down credit, but I see no evidence of any such action since commercial-bank loans are rising at a fantastic rate.

Somebody years ago said that regulation W is a credit curb and for that reason, I suppose, it was turned over to the Federal Reserve Board for administration. The truth is that regulation W is a trade control and has nothing to do with the regulation of credit. In addition to this simple economic fact, the Federal Reserve Board is not even a Government agency. It spends its own money from its own funds which are supplied by private banks.

Congress could just as well have turned over the administration of regulation W to the United States Chamber of Commerce or the CIO or the Chicago Police Department, for that matter. That would have made just as much sense as turning over these powers to the Federal Reserve Board.

William McChesney Martin is the chairman of the Federal Reserve Board, and I want to make it clear here that I have the greatest respect for him. He must have been hoodwinked into accepting this job, for I am sure he was under the impression that he was going to head up an institution that would regulate credit. The fact is Mr. Martin today finds himself running a police station, and it is about this aspect of the installment credit controversy that I want to talk briefly.

The social aspects of regulation W and its impact on the individual disturb me far more than the economics of this issue. I have talked on this subject before, and I have received telephone calls, mail and telegrams from every section of the country, all endorsing my position on regulation W. Incidentally, how is it that I have received no mail or telegrams or phone calls supporting regulation W?

Believe me, some of the things that I heard and later checked are enough to make your hair stand on end. You say to yourself: Are these things happening in a free America, and you think of the buckets of blood we have spilled all over the world—not to expand our economy or impose our will on other people—but merely for freedom. When you think of this and then you see freedom being taken away from right under our noses, it is enough to give you nightmares.

The degradation of the individual, the mass invasion of private homes by house dicks of the Federal Reserve System and the creation of a police state are only some of the frightening effects of regulation W as it is being administered by the Federal Reserve Board.

The Reserve Board is following a pattern outlined in Italy, Germany, Russia and other countries throughout history where government, bit by bit, took away personal liberties on the pretext that

certain economic reforms were necessary. The technique is to scare the people into the belief that an emergency exists. In desperation, unthinking people grab for the reforms, forgetting the cost to their personal liberties. Thus it has been in this country for almost 20 years. We are having either an inflationary or a deflationary emergency, and laws are needed to save us. New laws are passed and personal liberties are further chipped away.

For example, under terms of regulation W, the customer today must go to the retailer and sign a pauper's oath, in cases where he cannot meet the monthly payments agreed upon. The Federal Reserve Board demands these oaths as proof that the private citizen had no intention of violating the law. The statement must include purely personal information, such as the sickness of a child or a change in job. The retailer must keep these records on file so that the Federal Reserve house dicks can read them at any time. These records are public property, and the information in them can be used against the individual by any house dick of the Federal Reserve Board. The penalty for any white lies in these statements is 1 year in jail.

I have seen hundreds of these paupers' oaths, and I can guarantee any Member of the House that these will be brought to his office if he wants firsthand proof of these charges.

It is not too difficult to see the embarrassment and degradation caused by these statements. A man in a small town might have just learned that he has cancer and that the initial treatments will require all of his available cash. He must use money that he had budgeted for the local merchant from whom he has bought a refrigerator. Ordinarily, he would call the retailer and ask for a couple of months' extension in his payments, and that would be all there is to it. Today, however, he must visit the store in person and go into a song and dance in writing about the reasons why he cannot meet this month's payment. He must tell the merchant that he now has cancer, and he must give the doctor's name, if the merchant should push him that far.

If the merchant is a kindly disposed person, he will keep his mouth shut, but if he is the gossipy type in a small town, he will pass the word around and everybody will know about the unfortunate man's trouble. In addition to this embarrassment, the man also is telling the community that he is down and out, and that he cannot meet a fifteen dollar payment on his refrigerator. While there is nothing antisocial or reprehensible about having cancer, the man does not want it known because this is a strictly private matter and because, too, some people do not want to hire men with cancer on the theory that they will not live long, which is not true today if you discover cancer in time, but a lot of employers feel that way about it anyhow.

You understand, of course, that this degradation of the individual and the invasion of his privacy, occur only in

the lower-income groups. This does not happen to the rich. I defy any man in this House to stand up and say he would vote for a measure that would require the banker in his town or make public statements of his financial condition. Just imagine any law that would require the Du Ponts to state in writing at their local department store the intimate details of their private affairs. The Du Ponts would gang up with other wealthy groups and would spend a ton of money in defeating such a measure.

But you men who are about to vote for the extension of these powers to the Federal Reserve Board are politically safe. You are voting for the degradation of a poor, inarticulate and disorganized group, running into the millions, but still ineffective politically.

Only last week we voted to prohibit the names of old-age pensioners and welfare clients from being posted for public scrutiny. Now we come along with a law which says that every person who does not have the cash to meet his monthly payments on the installment plan shall have his private life exposed to the Federal Reserve Board. The rich are not covered by regulation W. They can buy ten televisions, for outright cash, if they so desire, and they can borrow \$100,000 at the bank if they wish, since only loans under \$2,500 are covered by this obnoxious law.

The Federal Reserve Board says that a \$200 bank loan is inflationary but that a \$100,000 bank loan has no effect whatever on the economy. It will take a brighter man than I am to figure that one out.

Now, you men in the House are constantly talking about the little fellow and how much you want to help him. Here is your chance. Let us see who votes for the amendment to abolish regulation W.

The Federal Reserve Board, in its hysterical and Fascist interpretation of the law, does not stop at forcing individuals to spread the record of their private lives on statements which merchants must keep on file. House dicks of the Federal Reserve Board are raiding private homes for information.

Here is a case history, thoroughly documented, taken from the files of a midwestern bank:

A woman borrowed \$500 from a bank, saying she needed the money for dental purposes. Under the law she had to state in writing the purposes of the loan, because she was borrowing less than \$2,500. After she received the money she discovered that she was pregnant. She decided to lay aside the money for her confinement expenses. House dicks of the Federal Reserve bank learned about the loan on one of their fishing expeditions in the bank. They went to the woman's house and she became hysterical when the house dicks told her that she must use the money for the purposes that she stated at the bank.

She offered to take the money back to the bank, rather than be subjected to further cross-examination and the probing into her private life, which had already taken 3 hours of her time. It was

just like they are doing in Russia today, except that here the house dicks of the Reserve Board allowed her to sit down and they did not throw a blinding light on her face. I guess she should be grateful for that much consideration. The house dicks finally allowed the woman to keep the money once they determined that she had borrowed it in good faith.

There are plenty of cases like this, pointing up the Federal Reserve Board's police-state methods, and if anybody wants to see them, I will be glad to have original documents turned over to them.

I cite this case as an illustration of the Government's constant drain on our liberties and to show how a fraudulent economic reform measure actually is the entering wedge for a Fascist state, and the realization of the New Deal planners' dream to control private industry.

What I say here will be recalled after I am dead. My name will be forgotten but the substance of my warning will be long remembered. Even if regulation W did aid in the fight against inflation, and I do not believe for a moment that it does, it should be scrapped. It chips away at our personal liberties. No law that degrades the individual and sets up a police state should be considered in this country, regardless of its economic benefits, and particularly in this case where there is economic damage.

Mussolini dangled beefsteaks before the Italian people and other worldly gains such as bridges and railroads that ran on time. History already shows what those poor people paid for their beefsteak. Most people think only of the dollar value of beefsteak, particularly those who are conditioned to the belief that government will give them something for nothing and will protect them. The German people fell for this line of reasoning. They were desperate and inflation made them hungry, and so they listened to a crazy house painter who said he would get them beefsteak, provided they handed over to him the economic reforms that he sought. They traded their personal liberties for beefsteak and we know what happened after that.

The same thing can happen and is now happening in this country. For more than 20 years we have had emergencies of one kind or another. Some bright boy in the Government always comes up with reforms that he says will save us, and Congress turns over the power to him to control our destinies. That is the way these things get started, and that marks the beginning of the end of personal liberties.

In a show-down choice between beefsteak and liberty, I will take liberty. They did not have beefsteak at Bunker Hill or Valley Forge.

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee [Mr. BAKER].

Mr. BAKER. Mr. Chairman, I feel that regulation W either through administration or law as presently in the law and as recommended by the committee is not what it should be. It should be further modified or deleted.

Down in my country small banks, appliance dealers, even the larger banks,

say that it is not working right. They particularly object to the oath being required to be made to such administration, if you miss a monthly payment, to tell why. That is akin to fascism and it is wrong.

I believe in the right of private contracts. I think that people can go to a bank, the corner appliance dealer, and the neighborhood dealer, and make contracts in regard to most consumer goods far better than to have it controlled through the Federal Reserve bank. I want to curb inflation. If I am wrong, it is not intentionally so. It may be that the main thing that is wrong is in the administration. I feel that regulation W as now existing has a tendency to be inflationary.

The CHAIRMAN. The Chair recognizes the gentleman from South Carolina [Mr. RIVERS].

Mr. RIVERS. Mr. Chairman, the amendment offered by the gentleman from Texas [Mr. PATMAN] to the committee amendment may go a little far, but I have the real answer. I think you ought to follow my amendment and put one-quarter down and give them 21 months to pay. The gentleman from Arkansas [Mr. TACKETT] says this is a rich man's law and a poor man's fight. I kind of believe that regulation W was designed for all-out controls. We do not have all-out controls. The only thing regulation W has done is that we are all out of warehousing. In Charlotte, N. C., you cannot find a foot of warehousing with a microscope. In Atlanta, Ga., it is the same way, and in Memphis, Tenn., it is the same way. Every kind, class, and description of furniture, washing machines, television, dryer, deep freeze—you have heard those words—and every other household article is in sufficient production and supply.

This regulation W, as the gentleman from Mississippi [Mr. RANKIN] says, has ruined this country. If you will follow my amendment, and it will be up very shortly, we can do what the Federal Reserve Board did in its original regulation, give the poor man 21 months to pay for these little necessities of life. Of course I will vote for the amendment offered by the gentleman from Texas [Mr. PATMAN] because I am against regulation W, but if you cannot go that far, go along with me, because I have the real antidote, and we will put a stop to this.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. AYRES].

Mr. AYRES. Mr. Chairman, we have heard a lot of remarks here on the floor about what our wives are going to do to some of the Members if they do not vote for price control. We also heard what some of the automobile dealers are going to do to those Members of Congress that do not vote to lift credit restrictions.

I have 10 salesmen. They are just as capable as any salesmen in the country. I am getting pressure from my salesmen to remove credit restrictions. They tell me, "Boss, if you get those credit re-

strictions removed, we can get a fellow to part with his money."

If I were going to be selfish about it, I would stand here and tell you that if we are going to stop inflation it will help the situation if we remove credit restrictions, along the line of the Patman amendment, but I tell you as a conscientious Member of Congress you have to keep those credit restrictions on. If there is one of you here who can vote for price controls and vote to take off credit controls, then you are not voting your convictions.

I am going to send my boys a wire and say, "Get to work. Tell the people how good your product is and how much better it is than your competitor's." There is plenty of purchasing power, there is plenty of market. You do not have to appeal to the fellow to sign the order just because he does not have to make a down payment. I know for a fact that if the art of salesmanship had not been lost in this country over the past 12 years we would have plenty of merchandise being sold and the warehouses would not be full.

I think the best argument that has been presented here this afternoon to vote against this whole price-control program was the statement of the gentleman from Texas that the merchandise was not moving and the warehouses were full. If we have an abundance of merchandise, why do we need price control?

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. ROGERS].

Mr. ROGERS of Texas. Mr. Chairman, I rise in support of the Patman amendment. I want to say ditto to the remarks of the gentleman from Arkansas [Mr. TACKETT]. I was in my district not long ago. The appliance dealers called me on the phone and came to see me to talk to me about the situation they are confronted with. The answer to this proposition is this: Let us do away with regulation W now and if we need it later on, let us adopt it then. But with the warehouses bulging at the seams and the little people needing refrigerators and other appliances that they cannot buy because they do not have the down payment, we certainly do not need regulation W.

That is the situation the people are in. If you want to help the little people of this country and allow them to live in accordance with the standard of living to which they are entitled, I think you should vote for the amendment offered by the gentleman from Texas [Mr. PATMAN].

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. WIDNALL].

Mr. WIDNALL. Mr. Chairman, I, too, am amused today, like the distinguished majority leader was yesterday, by certain actions in the House. I would like to read again to the Members of the House an editorial from a leading metropolitan daily, the New York Times. This is what it says:

INEXCUSABLE INTRUSION

Of all the congressional efforts made on behalf of special interests to cripple the De-

fense Production Act, none is more high-handed and indefensible than the drive to undermine the existing curbs on installment credit. Under title VI of the original act, responsibility for determining policy in this area was placed in the hands of the Federal Reserve Board. No other course, indeed, would have made sense. The Reserve Board has been administering credit controls in this area for a number of years. Over those years its statisticians and economists have made a continuing and intensive study of the field, and as a consequence it is preeminently qualified to deal intelligently and disinterestedly with the problem. The Board's record, moreover, has reflected unusual sensitiveness to changes in the economic picture and a commendable promptness in accommodating its policies to such changes.

Recently, however, Congress demanded that the Reserve modify its regulations covering the terms on installment buying. This the Board very properly refused to do. It not only stood by its guns but in a brief filed with the House and Senate Banking Committees it riddled the favorite argument of the cheap-money advocates—the argument that regulation W “discriminates against low-income groups by making it impossible for them to buy cars, particularly new cars.” “The person with low income,” observed the Board, “is always at a disadvantage when he competes in the market place with those who have more money.” There is nothing magic about installment credit which stretches or adds to one's income. On the contrary, it notes, the reverse is the case. The use of credit itself costs money, and the longer the period for which it is borrowed the greater the cost.

The Board pointed out that in 1950, according to its own survey, three-fourths of all auto buyers with incomes of less than \$5,000 a year bought used cars. Among those with incomes of less than \$2,000, only 1 in 10 bought a new car. The prices of used cars have dropped substantially since regulation W was invoked last September, the Board went on to note, and it added: “It is not unreasonable to assume that if the terms for used cars were relaxed, prices of used cars would rise again and might well press against their price ceilings.” In short, the Board is of the opinion that any gains accruing to the public by the relaxation of installment terms would be purely illusory.

Nevertheless, the Senate Banking Committee's version of a new Defense Production Act was amended to provide that auto buyers be given a minimum of 18 months to pay for a new or used car. (They now have 15 months.) The House committee went a good deal further. It not only extended the minimum period of financing cars, but reduced the down payments on used cars. At the same time it drastically relaxed the terms for purchasing standard household appliances such as refrigerators, washing machines, radios and television sets.

One may agree or disagree with the decisions of the Reserve Board on consumer credit terms. But few, we think, will question that this independent and informed body is in a better position to make policy in this field than is a politically minded congressional committee with a small army of lobbyists breathing on its neck.

Mr. Chairman, a statement was made just a few minutes ago that character should be relied upon to stop inflation. If we are going to rely on character, we should rely on it all the way and then there would be absolutely no need for price or wage controls at any point along the line. But we cannot rely upon that. Of course we know that the American people have character, but we do have to enforce a control program. Frankly, I

have voted against some of the things that the administration has wanted in this bill because I knew they wanted to murder credit controls and they do not have the courage to put through full credit controls.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Chairman, everyone apparently is in agreement that something must be done about credit restrictions and credit regulations. There is no doubt that regulation W needs some change. It cannot be changed, however, by abolishing it. I do believe we need it. I think the substitute amendment that has been offered by the gentleman from Texas [Mr. PATMAN] should be voted down. Then we should proceed to perfect the amendment as offered by the committee. I will give all of you gentlemen who have been yelling that the administration has let you down an opportunity to correct the situation by offering an amendment to vest these powers with the administration and not in the Federal Reserve Board as at present. Then if the President does not do the right thing, you can blame him. Up to now every word you have said about improper regulation and restriction of credit must be laid at the door of the Federal Reserve which refuses to respond to this Congress to whom it is responsible.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman, this amendment should be passed. It is just sensible to believe that if a lot of people want to buy things which are plentiful supply and that they will use their money for that, it will help in the fight against inflation, because the money would be used to buy goods in plentiful supply instead of being used for scarce goods in scarce supply, and thereby boosting up the price of the scarce goods and supplies. Regulation W includes things that are in plentiful supply now. There is no immediate likelihood of their being scarce, certainly not for several months—6 or 8 months, if then, and then only in the event of an all-out war. Congress could change it if necessary.

So I insist that this is a reasonable amendment. It is in the interest of fighting inflation, because it diverts dollars from scarce goods and puts those dollars to work in the purchase of goods in plentiful supply. I believe anyone who has studied inflation will tell you that is the way to stop inflation or to retard inflation—to divert dollars from where they are competing against each other for a few items that are scarce, to goods that are in plentiful supply. That is exactly what this amendment will do.

[Mr. SPENCE addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

All time on the amendment has expired.

The question is on the substitute amendment offered by the gentleman

from Texas [Mr. PATMAN] to the committee amendment.

The substitute amendment was rejected.

Mr. PATMAN. Mr. Chairman, I offer an amendment to the committee amendment which is on the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. PATMAN to the committee amendment: Page 43, lines 8 and 12, strike out “eighteen” and insert “twenty-one.”

Mr. PATMAN. Mr. Chairman, that will change the committee amendment. The committee amendment provides one-third down payment for new automobiles, and the remainder to be paid over a period of 18 months. The one-third down is all right, although it is rather high, but certainly the terms should be longer than 18 months. If it is 21 months, I think it will give the people who need those cars and must have them for transportation to and from work, a better opportunity to buy them. You know as a matter of good business judgment that any person who pays one-third down on an automobile expects to pay for it. He is going to pay for it. So what big difference is there between 18 months and 21 months?

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Indiana.

Mr. HALLECK. I hope the gentleman's amendment is adopted. In my opinion it is sound and needed. It provides for the length of time to make the payments that is necessary if a great many people who require transportation are to be able to obtain it.

Mr. PATMAN. The independent automobile dealers throughout the country want the 21-month period. They and their customers have been pressed by reason of this high down payment and the short length of time.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. DONDERO. I think the gentleman's amendment is a proper one. I have had some experience in that line. The average wage earner cannot, out of his pay check, meet the amount required on an automobile at 18 months.

Mr. PATMAN. And 21 months will be very helpful.

Mr. DONDERO. It will ease it up for him and enable him to make the payments.

Mr. PATMAN. The fact that they are required to pay one-third down is assurance that the purchaser is going to pay for the car, or he would not make the down payment. So he should be given 21 months in which to pay the balance.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. McDONOUGH. Does the gentleman in his amendment provide anything for the freight differential?

Mr. PATMAN. Provision for the freight differential is made in the Committee amendment and it will apply if this amendment is adopted.

Mr. McDONOUGH. So you will add months to the payment period because of the freight differential.

Mr. PATMAN. That is right.

Mr. BUFFETT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am opposed to the amendment. The impression has been given out that the automobile dealers are practically out of business. In the 5 months beginning with December 1950 automobile sales at retail in four out of the five succeeding months were the highest in history. With that kind of situation I submit that we do not need to get reckless in weakening credit controls and increasing inflationary pressures.

Mr. Chairman, I yield back the balance of my time.

Mr. KEARNS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KEARNS. I should like to ask the gentleman from Texas [Mr. PATMAN] whether his amendment includes used cars as well as new cars?

Mr. PATMAN. It includes new cars. Used cars take a 25-percent down payment and are under a different situation.

Mr. RIVERS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. RIVERS. Is it out of order to offer a substitute amendment?

The CHAIRMAN. A substitute may be offered for the committee amendment, but at this time no further amendment may be offered to the committee amendment.

[Mr. WERDEL addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. PATMAN] to the committee amendment.

The question was taken; and on a division (demanded by Mr. SPENCE) there were—ayes 140, noes 43.

So the amendment to the committee amendment was agreed to.

Mr. MULTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER to the committee amendment: On page 43, line 25, after the word "improvements" strike out the period, insert a comma and the following: "or (6) require small installment cash loans not exceeding the principal amount of \$500 to be repaid in less than 18 months, provided that no part thereof is to be used as the down payment in connection with any of the items listed in the foregoing five subparagraphs of this subsection."

Mr. MULTER. Mr. Chairman, this amendment like those in the bill will relax regulation W as applies to those people who are forced to make small loans up to \$500 for purposes other than the buying of an automobile or a television or furniture or a refrigerator. It extends the maturity period, as indicated by the amendment. It will help all of those small people who must from time to time supplement their income temporarily to meet expenses that they can-

not meet out of their regular wages or earnings.

I think many Members have similar amendments at the desk and are very much in favor of this amendment being added so that everybody will be helped by regulation W, thereby including every segment of our country that does have to go to a lending agency for assistance from time to time.

Mr. TACKETT. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Arkansas.

Mr. TACKETT. Do I understand the gentleman's amendment provides that up to \$500 everyone is excluded? Up to \$500 any person can borrow the money without coming under regulation W?

Mr. MULTER. That is not quite right. Anyone who wants to borrow up to \$500 may get it and regulation W is changed so that they cannot require that it be paid back in less than 18 months. In other words, they can borrow it, and neither the Federal Reserve Board nor anyone else can come along and say: You must pay it back in less than 18 months.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from North Carolina.

Mr. COOLEY. The gentleman indicated that perhaps there would be some prohibition on the allotment of the funds borrowed; is that true?

Mr. MULTER. It fixes the maturity date, and they can pay it back in 5 or 10 months, if they want to.

Mr. COOLEY. In other words, at any time within the 18 months.

Mr. MULTER. Oh, yes. They cannot say that you must agree to pay it back in less than 18 months.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from New Jersey.

Mr. WIDNALL. Did the demand for this amendment come from the consumers?

Mr. MULTER. It came from the consumers and from banks and from credit unions that make only small loans, and from other lending institutions that make only small loans.

Mr. SPENCE. Mr. Chairman, if the gentleman will yield, I have heard a great deal said by people well versed in economic affairs that what we needed was credit control to meet the conditions that now prevail in the United States; using credit controls in lieu of direct ceilings. I am wondering when did the Congress have a change in views, particularly our friends on the other side.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. MULTER] to the committee amendment.

The amendment was rejected.

Mr. TACKETT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TACKETT to the committee amendment: Page 43, line 25, after the word "improvements", strike out the period and insert a comma and the following words: "and the provisions of this act shall not apply to loans under the amount of

\$100 or those made to uniformed members of the Armed Forces, or on active duty therewith, nor to individuals employed in defense plants who have had to move from their home communities."

Mr. TACKETT. Mr. Chairman, this amendment is very simple: Regulation W shall not apply to loans under the amount of \$500 made to members of the military services or to their families or to people who have had to move from their homes to defense plants. All you folks that want the Korean veterans to pay for this war while fighting it, then vote against my amendment. I do not believe that these veterans over there and their wives and children here in the United States should be bothered by a bunch of police dicks from the Federal Reserve Board for inability to meet certain installments.

Let me show you the most vicious thing about this regulation W. If you fail to make an installment you must go to the man to whom you owe the money, like your grocery man, or your appliance store man, and there you must sign and file a pauper's oath showing that your wife miscarried, or something else happened that kept you from meeting your installment that was due on that particular occasion. Ask any member over here on the Banking and Currency Committee whether the regulations of the Board do not provide just exactly that. How many of you folks would require your bankers to tell about all of their private affairs in order for them to borrow money from some other bank in New York? You would not do that. I was amused at the gentlemen on the left side of the aisle who contended in effect, "you boys just stand in there and pitch. Let us have credit control on the little people, but let us let all their rich neighbors run loose and borrow and spend what they want." It is amusing.

Ever since I have been in Congress I have been daily hearing you folks state your desire to do something for the little fellow. Now when you get a chance to do it, you say, "No, let us stand pat. Allow the rich people in this country to be free of controls—allow them to borrow and spend as they please." You are in effect contending that the credit of the rich is not inflationary, but if you let a little fellow buy something that he needs for his own home, or buy an automobile to go back and forth to work, that is inflationary, that is just sin itself.

Oh, you want credit control, so said the chairman, and so said the gentleman over here from Nebraska. You want credit control. Why not put some credit control on us folks that are able to spend more than \$2,500 at one time? Why do you not tell this whole House that you have not attempted to curb anybody's credit except those that cannot spend as much as \$2,500 at any one time. That is no credit control.

The Reserve Board has no business with the control of this measure for the simple reason it is a trade control, regimentation in its worst form, allowing the police dicks down here to run all over the country, climbing porches, doing what they want to molest all the people that do not have an unencumbered bank account.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. TACKETT. I yield to the gentleman from North Carolina.

Mr. COOLEY. The gentleman says in the event a borrower fails to meet an installment he has to go to the person from whom he borrowed the money and make a pauper's oath, and explain why he was not able to pay.

Mr. TACKETT. You bet your bottom dollar. You get your Reserve Board regulation and read what it says.

Mr. COOLEY. The gentleman's amendment then would make that unnecessary in the case of a loan involving less than \$500?

Mr. TACKETT. Yes; to a serviceman or to the serviceman's family or to some person that had to move to a defense plant, or who had to move from his home to go to a defense plant.

Mr. COOLEY. Why not make it across the board?

Mr. TACKETT. It ought to be that way, but I am afraid they are going to get up here and fight the serviceman. They are fighting everything else. I want to help the little fellow. I want to help the little people in this country that you folks are hollering every day you want to protect. Where are those daily contending, "We want to help the consumer." You sure are helping the consumer. You are helping the consumer a lot when you tell him he cannot have any credit, he cannot do business in the ordinary fashion, but that his rich neighbor can go buy anything under the sun, a Cadillac automobile or what-not.

Mr. COOLEY. Is there anything in the gentleman's amendment that would tend to help loan sharks prey upon the poor fellow?

Mr. TACKETT. I never did try to help a loan shark.

Mr. COOLEY. There is nothing in here that would help a loan shark?

Mr. TACKETT. I do not see how there is. It is just telling the serviceman and his wife and children and those people that to move from their homes to a defense plant, "As long as you don't borrow over \$500 you don't have to worry about regulation W." Is there anything wrong about that? Of course not.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas to the committee amendment.

The question was taken; and on a division (demanded by Mr. SPENCE) there were—ayes 83, noes 53.

So the amendment to the committee amendment was agreed to.

Mr. RIVERS. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. RIVERS to the committee amendment:

On page 43, line 8, strike out "one-third" and insert "one-fourth."

On page 43, line 14, after "than", strike out "15" and insert "10."

Mr. RIVERS. Mr. Chairman, you voted on my second amendment first, the Patman amendment. I wanted you

to vote on my first amendment first, and that is this: Let those who are buying automobiles pay one-quarter down and the rest in 21 months, and for televisions and the like pay 10 percent against 15 percent. I say that for this reason: As the gentleman from Arkansas [Mr. TACKETT] has so aptly stated, your postal savings are being depleted. Your series E bonds are being turned in to the tune of \$800,000,000 to \$1,000,000,000 a year. Your postal savings are going and your bank savings are gone. This is a rich man's regulation, this regulation W. You cannot buy a new automobile for less than \$2,200 unless you get one of these miniatures—I do not know the names of them. But you know them.

In my State, for instance, we have a sales tax which adds another \$100 to an automobile. The man who works with his hands, or the man that works for a dollar an hour, or something like that, cannot pay \$90 a month, or \$85 a month, and get the other indispensable necessities of life; 25 percent down is a sufficient down payment for the workingman. This does not apply to the rich man. I am not talking about him. I am talking about the majority of us. I am talking about the man who has to work; the man who is a good man with some character. I represent a large group of people of that character. When we contract debts, we pay. It is foolish to require the payment of more than 25 percent down in this inflationary market. You have so many automobiles in the Detroit area that they have 30,000 people idle right now, and the CIO has made the statement that, to a great extent, that is caused by this regulation W.

In Chicago they had the furniture mart the other day, and it was the worst bust in 25 years. At High Point, N. C., they had the same market, and not one manufacturer left there with a backlog of orders. If you are going to require one-third down payment on automobiles and the like, and the other indispensable necessities, how on earth can the workingman pay for them? This is a sensible amendment. Of course, if I could have obtained the floor you would have voted with me on the first amendment, but I could not get the floor. Now, the thing to do is to correct that mistake and change that one-third in the Patman amendment to the Rivers amendment No. 1, and if you do that you will have the Rivers amendment No. 2.

But the thing to do is to take care of that workingman. I represent the best group that God ever gave anyone the right to represent. I believe you represent many of them, too. But I tell you, even though I do not belong to the Committee on Banking and Currency, when I do not speak for my people, 400,000 people are speechless.

I am speaking for them today and those of you who are similarly situated. They cannot meet these payments. Let us let Congress write the policy, as the gentleman from Georgia has so aptly said. Regulation W emanated from the spawned brain of people who do not know the common touch as you and I do.

Let us let this Congress speak and write this regulation. As the gentleman from Indiana [Mr. HALLECK] has said, you could give them 21 months. Make it so that they can make the first down payment, or its equivalent, as I understand the gentleman from Georgia [Mr. FORRESTER] will represent to you. This is a good amendment. Get on the wagon with me and let us take care of these people.

My colleagues, I address myself today to what has happened to the economy of this Nation during the recent months in which regulation W, that is, the limitation imposed by the Federal Reserve Board on credit buying, has been in effect. Regulation W as we knew it during World War II was conceived for goods in a scarce economy. I am sure we all recall that when World War II came about, the manufacture of civilian goods was virtually nonexistent. It was, therefore, necessary to impose restrictions on the competing for what was available to the consumer.

Today the story is different. There is only one scarcity in this country about which I know and that is warehouse space to house the astronomical production of every conceivable sort of civilian goods from automobiles to corn plasters. The genius of American industry has so increased its production since the last conflict that today we are told our present war machine, coupled with that of our allies, can be supplied without appreciable interruption to the consuming public on almost every item within the space of one's imagination. This being true, America today stands at the most enviable position that any nation has ever enjoyed since the dawn of civilization.

We are further told that the Marshall plan has so rehabilitated the economies of other nations that their purchasing powers are such today as never before even in the prewar years of these respective nations.

I pose this question, Why, therefore, cause scarcity in this land of plenty? Why, therefore, cause bootlegging of indispensable necessities of life because somebody on the Federal Reserve Board is desirous of making this Nation war conscious? If regulation W is necessary, the production of all civilian goods should be immediately and forthwith terminated. But so long as automobiles, electric stoves, electric refrigerators, beds on which to sleep, tables on which to eat, and other necessities of life are manufactured, goodness knows the public should be permitted to purchase them.

This regulation has made potential criminals out of every merchant and every manufacturer and every banker in this Nation. This regulation has so confused, disorganized, demoralized, and stampeded the average American that I am told Government bonds of every category are being cashed at a rate far in excess of what people are buying—at a figure of over \$1,000,000,000 a year. I am told that postal savings are being depleted at the tune of one-half billion dollars a year and that bank savings are being withdrawn at about a quarter of a billion dollars a year. We are told that

regulation W in its present form is designed to restrict credit and curb inflation. Well, let me tell you this—when Mr. America is compelled to take all of his postal savings, all of his war and other bonds, all of his bank savings and add it to the normal spending, this is the most inflationary condition that could exist.

I charge categorically that regulation W, in its present form, has caused inflation to a degree not only amazing but disturbing and distressing.

It is a tragic state of affairs when a fine organization like the Federal Reserve Board has not got sense enough to see what a tragic mistake it has made by the imposition of this crazy regulation at this time.

Regulation W was designed for all-out mobilization but regulation W is now working for all-out warehousing of civilian goods. In Charlotte, N. C., a large distribution center, in Atlanta, Ga., another large distribution center, you could not find an inch of warehouse space with a microscope because radios, televisions, washing machines, refrigerators, furniture, and other necessities which this country has come to expect and enjoy and every available storage space is bulging at the seams today. I am told that the same condition exists in Memphis, Tenn., and other large metropolitan areas.

We have made a country great because of the faith we have in its destiny. Our belief in the pledged word of each other has fashioned an industrial machine—the output of which today is capable of supplying the entire democratic world. As a matter of fact, we are told that today our capacity for production is double that of World War II. Mind you in those days 12,000,000 men were under arms and over sixty million at work. Our entire production was for war, not for peace. Our storehouses were empty and there was competition for every commodity within the pecuniary grasp of every living American. In that day the strait-jacket fit every American and rightly so. America welcomed it. The black market threatened each of us alike. The black market was a natural thing—the public was behind controls of every kind—violations were few.

Today, the situation is changed, our production of civilian goods is stupendous. Our warehouses and our market places are stocked to the skies. Why, therefore, now impose the shackles? Why create a vast army of Dick Tracys to frustrate, intimidate, and annihilate legitimate business?

Justified and legitimate credit made our economy what it is. Reasonable credit is and has always established its own level. We are not asking today that every one be guaranteed credit. We are demanding that it not be denied. We allege to do this is not American and that it will lead to bootlegging and State control. We are tired of experimentation with our rights to do business. To continue, is the destruction of countless thousands of small businesses.

In addition to all of these, every manufacturer has to cause cut-backs and

every retailer is stumbling over merchandise in his store because the man on the street, the poor income group, the man who has to live on his salary each week, is unable to make the down payment for something he has hoped for throughout the years. I charge that regulation W is denying the laboring man that which he is entitled to have and that which he is entitled to expect.

I charge that regulation W makes the above civilian goods available only to the comparable wealthy and I charge that it is stupid, it is crazy, it is nonsensical, it is un-American, and the Congress should either drastically modify it or completely rescind it.

Lastly regulation W threatens to destroy a vast segment of what we consider small business. The average distributor of appliances and the average manufacturer of furniture is regarded as small-business man. He pays taxes and he represents our economy in action. In addition to these, take the countless thousands of retail outlets who also pay taxes. They too represent our economy in action. If they are forced to close their doors now when money and goods are so plentiful, how on earth will they ever regain their status in our economy? If this Government loses their taxes, how on earth can we finance our vast and growing war machine?

If this group of faithful taxpayers are wiped from the face of the economical earth, the answer is plain, the answer is simple, and the answer can be but one answer—state socialism.

This House can stop this threat. This House must stop this threat. As for me, I am proposing an amendment which would prohibit any agency of the Federal Government from imposing restrictions on credit buying less than 18 months or more than 10 percent down. The people of this country are begging for relief and I am going on record today as one who is endeavoring to render the relief to the little fellow on the street who wants to buy his television set or his washing machine, and to the small-business man who wants to continue his American way of life and pay his taxes to his Government in a free economy—in the American economy.

(Mr. RIVERS asked and was given permission to revise and extend his remarks.)

Mr. McKINNON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I would like to call the attention of the Committee to the fact that we still have some inflationary pressures. Irrespective of how much we would like to benefit a lot of our small-income people, we are not going to do them service in creating more inflationary pressures. We have a lot of inflation ahead of us in our military-procurement program. Many things that are in surplus now may not be in surplus later.

One of the first amendments offered when this bill came to the floor was by the gentleman from Michigan [Mr. WOLCOTT], directing our Stabilizer to use indirect controls before we approved direct controls. And it came very close to passing. If we are going to contain inflation it will be necessary to use not only direct

controls but indirect controls as well. As we relax these things by legislation it will be impossible for the Federal Reserve or any other agency to make adjustments from time to time in accordance with supply and in accordance with what the inflationary pressures are.

Mr. BUFFETT. Mr. Chairman, will the gentleman yield?

Mr. McKINNON. I yield.

Mr. BUFFETT. Is it not correct to say that the expansion of credit simply increases inflation and brings the worst results and suffering from that inflation on the little fellow?

Mr. McKINNON. The gentleman is correct. We are spreading inflationary pressures when we relax regulation W. We are not helping the poor people. We are not helping the working people. If we have a surplus of materials and supplies for months ahead, the Federal Reserve Board has the ability to adjust and relax credit, but if we write it into law, the Federal Reserve Board is powerless and there is nothing we can do about it then. The amendment should be defeated.

Mr. RIVERS. The gentleman knows that Congress is in session 12 months a year now.

Mr. McKINNON. This bill could not come up again for another 8 or 10 months. If conditions change, the Federal Reserve Board can adjust things.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. McKINNON. I yield to the gentleman from North Carolina.

Mr. COOLEY. The gentleman from Texas [Mr. PATMAN] has just sponsored an amendment and has demonstrated the fact that it takes an act of Congress to correct a grievance which resulted from this regulation W.

Mr. McKINNON. I did not hear the gentleman speak, but the Federal Reserve Board can adjust these things up and down, as it sees fit. The Federal Reserve Board is in constant touch with the situation.

Mr. COOLEY. But they did not see fit to do so, and it is going to take an act of Congress to change it.

Mr. McKINNON. There is no use compounding a difficulty. The more we relax, the more we change this, the more we endanger our economic system. More than that, this amendment would tend to increase prices on everything and create a heavier burden and more of a necessity for direct controls which everybody seems to want to be rid of.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. TACKETT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I misrepresented something to this Congress a while ago when you adopted my amendment, and I want to correct it. I hope you will continue to leave it as it is, but at the same time I think the Congress should know the facts.

The Clerk properly read the amendment, but I confused a part of the amendment with other amendments I have prepared on the subject, and I unintentionally misrepresented the contents to you. The amendment provides

that any loan under the amount of \$500 is not covered by regulation W. During the discussion and before the amendment was adopted I told you that it only applied to servicemen and their families and those moving from their homes to defense areas. Here is the way it actually reads. I want you to know the truth and be afforded an opportunity to nullify any act based upon my misrepresentations:

The provisions of the act shall not apply to loans under the amount of \$500, or those made to uniformed members of the Armed Forces on active duty therewith, nor to individuals employed in defense plants who have had to move from their home communities.

In other words, my amendment provides that regulation W would not apply at all to members of the Armed Forces or to people who are in defense work and who of necessity moved from their homes, and would not apply to any loan under the sum of \$500. I misrepresented the facts and I want to get it straight.

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. TACKETT. I yield.

Mr. GREEN. Is the gentleman's amendment similar to the one offered by the gentleman from New York [Mr. MULTER] that was defeated?

Mr. TACKETT. It is similar to it but not exactly like it because my amendment precludes the application of regulation W on any loan under \$500, and my amendment precludes the application of such regulation on any loan in any amount to a service man or a defense worker who had to move from his home. I hope that the amendment is satisfactory but I want the committee to know the facts and act accordingly.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Carolina [Mr. RIVERS] to the committee amendment.

The question was taken; and on a division (demanded by Mr. RIVERS) there were—ayes 46, noes 147.

So the amendment to the committee amendment was rejected.

Mr. TACKETT. Mr. Chairman, I ask unanimous consent to strike out that portion of my amendment that has been adopted that follows the sum \$500; in other words, the amendment would then read:

The provisions of this amendment shall not apply to loans under the amount of \$500.

Mr. SPENCE. Reserving the right to object, Mr. Chairman, that was the amendment which was beaten.

The CHAIRMAN. The gentleman's amendment was adopted. The gentleman now asks unanimous consent to modify his amendment as indicated.

Mr. HOEVEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HOEVEN. It is not necessary for the gentleman to ask for a reconsideration of the amendment?

The CHAIRMAN. He is asking unanimous consent to modify his amendment.

Mr. HOEVEN. It has already been passed. Can he ask for its modification after it has been disposed of?

Mr. TACKETT. My only desire is to afford the committee an opportunity to act in accordance with the true facts.

Mr. WOLCOTT. Mr. Chairman, reserving the right to object, we understood that the gentleman's amendment applied only to servicemen.

Mr. TACKETT. I know we did; and that is the reason I am trying to straighten it out.

Mr. WOLCOTT. The amendment, as I understood, would provide that regulation W would not apply to any loan under \$500 p-e-r-i-o-d.

Mr. TACKETT. That is right with reference to the amendment I am offering as a substitute to my amendment which was adopted.

Mr. WOLCOTT. What has that got to do with servicemen?

Mr. TACKETT. It has nothing to do with servicemen. Under the amendment that was voted on and adopted a while ago it is provided that regulation W would not apply to loans under the amount of \$500, or loans in any amount to uniformed members of the military forces or workers in defense areas who had moved from their homes. I misquoted the facts and therefore have asked to withdraw the adopted amendment and offer instead an amendment which precludes regulation W from applying to any loans less than \$500 in amount.

Mr. WOLCOTT. I think there has been some misunderstanding. We surely did not intend to vote for an amendment which would postpone the operation of regulation W on all loans under \$500, otherwise we would have voted for the Multer amendment.

Mr. TACKETT. The Multer amendment was not like this at all.

Mr. WOLCOTT. It was similar.

Mr. COLE of New York. Mr. Chairman, I object.

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent that the action of the Committee in the adoption of the Tackett amendment, which has just been discussed, be vacated and that we vote on it again.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. TACKETT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TACKETT to the committee amendment. Page 43, after the word "improvement" strike out the period, insert a comma and the following: "the provisions of this act shall not apply to loans under the amount of \$500."

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. TACKETT. I yield to the gentleman from Michigan.

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent that all debate on the committee amendment and all amendments thereto close in 10 minutes.

Mr. PATMAN. Mr. Chairman, reserving the right to object, I hope the gentleman will not insist on that because the chairman of the Committee on Banking and Currency has a plan in mind to close debate and I hope he will be allowed to present his plan first.

Mr. WOLCOTT. Mr. Chairman, I withdraw my request.

Mr. TACKETT. Mr. Chairman, I asked unanimous consent to withdraw my previous amendment because I unintentionally misrepresented the true contents of the amendment to the Committee, and I request leave to substitute it with an amendment which merely provides that regulation W shall not be effective concerning any loans under the amount of \$500.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. TACKETT. I yield to the gentleman from California.

Mr. McDONOUGH. I still think the gentleman is in deep water. The amendment as I heard it read is that the provisions of this act shall not apply to any loan of less than \$500.

Mr. TACKETT. Yes.

Mr. McDONOUGH. What act is the gentleman referring to and where is he amending the act with those words?

Mr. TACKETT. At the bottom line on that page.

Mr. McDONOUGH. Mr. Chairman, is the gentleman's amendment an amendment to the Federal Reserve Act?

Mr. TACKETT. My amendment is an amendment to the committee amendment.

Mr. McDONOUGH. All right. But it refers to an act. Is it to the Defense Production Act?

Mr. TACKETT. Regulation W would not be effective.

Mr. McDONOUGH. Does that mean, if the amendment is adopted, that it refers to regulation W as indicated in the Defense Production Act?

Mr. TACKETT. Yes. This is just an amendment to the committee amendment and, of course, would refer only to regulation W that is covered by the committee amendment. I do not think that there is any dispute on that.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. TACKETT. I yield to the gentleman from North Carolina.

Mr. COOLEY. I want to compliment the gentleman on the very honest and honorable manner in which he has handled himself in a situation in which he found himself after making his speech and presenting his amendment. He is to be commended on the position he has taken.

Mr. TACKETT. I thank the gentleman and I hope the committee will accept the amendment. It will help the little man, that is all it amounts to. It just allows any person to borrow \$500, and regulation W would not apply. I do not think the Federal Reserve Board will have time to look after these small \$500 loans anyway. Surely, there should be no objection to an amendment to help a man borrow \$500 for medical purposes or school purposes or something along that line; something that is needed. I hope you folks will vote for this amendment.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

Mr. SCRIVNER. I object, Mr. Chairman.

Mr. SPENCE. Mr. Chairman, I move that all debate on the Tackett amendment close in 5 minutes.

The motion was agreed to.

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent that all debate on the committee amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

Mr. PATMAN. Mr. Chairman, reserving the right to object, the unanimous-consent request previously made and accepted was to close debate on this section and all amendments thereto.

The CHAIRMAN. No; just on the Tackett amendment, and the gentleman from Michigan [Mr. WOLCOTT] now asks unanimous consent that all debate on the committee amendment and all amendments thereto close in 10 minutes.

Is there objection to the request of the gentleman from Michigan?

Mr. GREEN. Mr. Chairman, reserving the right to object, could we not make that 5 minutes?

Mr. WOLCOTT. Yes, I will make that 5 minutes.

Mr. SCRIVNER. I object.

Mr. WOLCOTT. Mr. Chairman, I reserve my original request.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan that all debate on the committee amendment and all amendments thereto close in 10 minutes?

There was no objection.

[Mr. SPENCE addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas [Mr. TACKETT] to the committee amendment.

The amendment to the committee amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. FORRESTER].

Mr. FORRESTER. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. FORRESTER to the committee amendment: On page 43, line 22, after the word "coverings", insert the following: "The down payments required by the Board in the exercise of its authority under paragraphs (1), (2), (3), and (4) may be made in cash, or by trade-in or exchange of property, or by a combination of cash and trade-in or exchange of property."

Mr. FORRESTER. Mr. Chairman, I cannot possibly state to you the purpose of this amendment within the 2 minutes allotted to me. I have had this amendment over here every day this week and have just about worn it out. You have done some fine things in the amendments that have been adopted on this section. I offer one that I think is needed. My amendment simply provides that down payments may be made by trade-in or exchange of property as well as by cash payment. I am asking for a right you wonder how it was ever denied.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. FORRESTER. I yield.

Mr. BROWN of Georgia. I agree with the gentleman that the trade-in ought to be carried as part payment. I never have understood why it was not carried as part of the trade-in. I do not think it is right not to count it as part payment, the same as cash. I believe the other gentlemen on the committee feel the same way.

Mr. FORRESTER. I thank the gentleman.

I do not know whether or not you know it, but in household appliances such as electric refrigerators and ranges, and in household furniture, people are not now allowed to make a trade-in and have that be the down payment, despite the fact that it comes within all of the requirements. I say to you that such rules as that are the reason why regulation W has been placed in such terrible repute. The truth of it is it has just about wiped out the appliance business in my section, and it certainly has in Washington and in New York.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. FORRESTER. I yield to the gentleman from Kentucky.

Mr. SPENCE. I am in favor of giving them trade-in value if they can get it.

Mr. FORRESTER. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia to the committee amendment.

The amendment to the committee amendment was agreed to.

Mr. MORANO. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. MORANO to the committee amendment: On page 43, line 25, strike out the period and insert the following: "or require any down payment on roofing or siding repairs, alterations, or improvements in advance of completion thereof."

Mr. MORANO. Mr. Chairman, the maintenance and repair industry has a long record of giving time payments, and at no time during its history, until obliged to do so last year, did the industry, generally, require a down payment before doing this work. The Tilo Roofing Co., of Stratford, Conn., in my district, has been extending time payments since 1914, and until last year did not require a down payment.

Even during the last war the Federal Reserve Board did not require a down payment. There was a short period after the war when FHA was short of funds, and in order to discourage the insuring of paper with their agency, a down payment was required by them. In the case of Tilo it simply discontinued using the insurance features of FHA and continued to operate without requiring a down payment.

The home owner objects strenuously to making any down payment until the job is completed. In buying an automobile, he can actually drive it around the block before making the down payment; most electrical appliances can be

installed on a trial basis before the purchaser is obliged to make the down payment; but a company cannot apply a roof on a trial basis and the home owner wants to see what he is going to receive before making the down payment.

The Federal Reserve Board in making a down payment obligatory, has completely changed the method of carrying on this business, and I wonder if it was the intention of Congress that this should be done. If a down payment is customary, and the Board increases or decreases the amount, that presents one picture; but when an industry has not used this method of operation, and the method is detrimental to both the small-home owner and the responsible people in the industry, I do not believe the Federal Reserve Board should be allowed to make this change.

You are aware, of course, that FHA title I regulations do not compel collection of the 10 percent down payment until the contract is completed to the satisfaction of the small-home owner. In other words, all FHA requires is that the 10 percent down payment be collected before the loan is processed by the bank.

My amendment would bring the language of this bill in line with title I of FHA and the regulations thereunder.

I urge its adoption and hope that its language be kept in the bill by the Senate conferees when the measure goes to conference.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. MORANO. I yield.

Mr. SPENCE. Mr. Chairman, I believe we can accept the gentleman's amendment.

Mr. MORANO. I thank the gentleman.

(Mr. MORANO asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut.

The amendment was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. DENTON].

Mr. DENTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DENTON: Page 44, after line 5, insert: "(b) Subsection (a) of section 602 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new sentence: 'No regulation issued under this section shall prescribe a minimum down payment of more than 10 percent, or a maximum maturity of less than 25 years, in connection with the purchase of any home where the purchase price does not exceed \$10,000.'"

Reletter the following subsections accordingly.

Mr. DENTON. Mr. Chairman, this amendment provides that regulation X should be relaxed, so that not more than 10 percent of the purchase price would be required as a down payment on a house costing less than \$10,000, and that the purchaser would be given 25 years in which to make the payments.

Prior to the issuance of regulation X a down payment of up to 10 percent gross was required under FHA for houses

costing under \$9,000. At the present time the regulation requires 10 percent on the first \$5,000 and 35 percent on the next \$5,000 of the purchase price. Thus, on a \$10,000 house it would be necessary to make a down payment of 23 percent, or \$2,300.

Last year 1,400,000 housing units were built, and I have been advised that regulation X was devised for the purpose of limiting the number built this year to 800,000 units. It takes considerable time to plan and start the construction of a house, and, at the time this regulation was issued, the building industry had a large backlog of contracts for the construction of homes. But since this regulation has been in effect the number of housing units started each month has progressively decreased, and, unless this regulation is modified, it appears that the number of housing units constructed in this country will be much less than 800,000 this year.

In the first 6 months of this year the number of housing units started decreased 26 percent from the number started in the same period last year. And during June of this year the number of housing starts fell 39 percent below the June 1950 starts. If the present rate of decline continues, housing starts this month will go down to only 49 percent of the units begun in July of last year.

The bad feature about regulation X is that it prohibits the workingman or the person with a moderate income from buying or building a home. Before the regulation was promulgated a workingman, for example, had to pay approximately \$950 down to purchase a \$9,000 house. Under regulation X he now has to pay down \$1,900, exactly twice the former amount required. It is comparatively easy for him to raise \$950, but it is extremely difficult for him to raise \$1,900. Today no house can be built for as little as \$5,000, which is the highest figure on which a 10-percent down payment is acceptable. The very cheapest price for which a house can be built and sold is eight or nine thousand dollars. This means that it is very, very difficult for those of the moderate-income group to buy and own their own homes.

I do not consider buying and paying for a home to be inflationary. A man receives so much wages, and he has a certain amount of money beyond what he needs for the bare necessities. If he takes this money and pays it down on a home, that is really forced saving; he is not using that money to buy up scarce articles. We saw, during World War II, how money was spent for such articles. This made materials scarce, and the price of these materials continued to go up, and we had inflation. But the man who was spending this money for a home did not have a surplus of money to spend and bid up prices of scarce articles.

I have always supported all public-housing legislation, and I am a strong advocate of it. But we have a much better solution when the people can own their own homes. When a man owns his own house, begins to improve it, and

takes pride in it he has a real stake in America. To encourage home ownership is the greatest antidote to socialism or communism.

Comparatively few scarce materials go into the construction of a small home. We have just relaxed regulation W, and I submit that not nearly as much scarce material goes into dwelling houses as goes into items which are purchased under conditional-sales contracts and which are regulated by regulation W, as now relaxed.

This bill also contains a provision relaxing regulation X in critical areas, but there are many places in America where there is unemployment because of conversion from peacetime industries to wartime production. In a comparatively short time those communities will find that, when they have made the conversion to defense production, there will be a housing shortage. I believe that during this present transitional period it would be a much better policy to permit the people of those communities to start building their own homes and help to avoid the housing shortage which is bound to come. Certainly, it is better to build the kind of a home the man would build himself than to build some public-housing projects like those built during World War II.

The CHAIRMAN. The Chair recognizes the gentleman from Kansas [Mr. SCRIVNER].

(Mr. SCRIVNER asked and was given permission to revise and extend his remarks.)

Mr. SCRIVNER. Mr. Chairman, I have just returned from a 2-day trip to my home district in Kansas which has been visited by the most devastating flood in all history.

Loss of life, fortunately, has been small. Property and crop loss has been estimated at nearly \$1,000,000,000.

You have read about this flood in the paper, you have heard about it on the radio, you saw portions of it on your TV. That gives you but a very slight idea of the utter destruction. You must see it, feel it, smell it, to really understand the utter havoc.

Farms, the buildings and crops completely submerged, destroyed; homes washed away, flattened to the ground, twisted from the foundations and carried away. Business and industry of all kinds, from the small one-man shop and store to the multi-million-dollar concerns are ruined.

What has happened in Kansas last week is happening in Missouri this week. Damage is not just in the large cities or along big rivers. It has hit the small towns and on small streams, too.

The flood victims are broke—their job went with the factory.

Their needs stagger imagination.

The Red Cross is doing a swell job. Various Government agencies are bringing some relief.

But, Mr. Chairman, many of these people cannot qualify for much of this aid and many, if they can qualify, properly and proudly prefer to beat back by their own efforts.

If given a chance, they'll get their clothes, their furniture, their household appliances, their implements and tools on their own.

They cannot pay 1 percent down; they cannot pay out in 3 years. But they will pay. The merchants will trust them. The merchants need these sales to reestablish their business, sales they cannot make under present regulations.

Regulation W is too restrictive to permit this. Even though it is relaxed in individual cases, there are so many thousands affected that the red tape and bureaucratic delay make it impossible to meet these needs, and these needs are immediate.

For that reason, Mr. Chairman, I am requesting the Federal Reserve to completely suspend regulation W in any area declared by the President to be a disaster area.

These people want to get back on their feet by themselves, if they can. This requested relaxation will permit these flood victims and the men with whom they have done business all these years to work out their own problems.

And, Mr. Chairman, having seen their courage, knowing their love for their homes and communities, I am sure, given a chance, they will do a most remarkable job of getting going again.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. SCRIVNER. I yield to the gentleman from Kentucky.

Mr. SPENCE. Regulation W, as I understand it, does permit relaxation in disaster areas.

Mr. SCRIVNER. That is true.

Mr. SPENCE. I am quite sure that they would relax the regulation.

Mr. SCRIVNER. It has not been yet. It has been done in individual cases, but there are so many thousands that the magnitude of processing those thousands of applications for relaxation will take so long that by that time it will not do any good. They need this immediately.

The CHAIRMAN. The time of the gentleman from Kansas [Mr. SCRIVNER] has expired.

The question is on the amendment offered by the gentleman from Indiana [Mr. DENTON].

The question was taken; and on a division (demanded by Mr. DENTON) there were—ayes 85, noes 70.

So the amendment was agreed to.

Mr. BRAY. Mr. Chairman, I move to strike out the last word.

(Mr. BRAY asked and was given permission to revise and extend his remarks.)

FARMERS AND THE CONTROL BILL

Mr. BRAY. Mr. Chairman, seldom has there been as deliberate a misrepresentation to the American people and particularly to the farmers as has been the case in the control bill before the House. Government news releases by the hundreds, scores of news commentators and columnists, hundreds of bureaucrats have daily bombarded the American people with the argument that the control bill is merely a Government effort to get them cheap food in abun-

dance, and in so doing will injure no one, nor in any way cripple our great economy. They have created an impression that has no scintilla of evidence to support it, that any man who does not agree with the philosophy that rolling back prices by law is the answer to all economic ills must be some kind of a public enemy.

At this time the popular stand to take would be to vote to surrender the rights and freedom of labor, of business, and of the general public to the Government upon the administration promises to see that the consumer may buy cheap and the seller make big profits, that the people will all be prosperous and happy. That promised panacea has led free people from all time to goose step from freedom into regimentation. The people who have apposed regimentation are always called obstructionists and enemies of the common people by the bureaucrats. It has been the same throughout history. Freedom is given away by the people, not captured by a foreign foe. We are inclined to feel that if we surrender our rights and freedom to our Government, that we will be kindly and generously treated. However, during the last war when our Government took over the total control of the liberties of the people of Hawaii, labor and the little guy were mistreated as never before in history.

Now some of our people may feel that it is patriotic to follow the administration policies and plans in a blind attitude that "Papa knows best," but that is not my conception of my duty as Representative of the 300,000 people of the Seventh Congressional District in Indiana. Neither is it a trustworthy principle for a free-thinking and free-acting people.

Government propagandists have failed to explain to the people that in the 84 pages of this control bill scarcely more than one page has to do with any attempt to decrease the prices of food. They have not explained to the people that this bill, as requested by the President, would call for the licensing of all businesses down to the neighborhood grocery store. However, this phase of the bill was eliminated by the Banking and Currency Committee of the House amid the wails of those who insist on the surrender of American freedom.

They have not publicized the fact that in this bill the President is to be given authority "to acquire by purchase, donation, condemnation, or other means of transfer, any real property necessary to the national defense."

It is interesting and perhaps significant to note that in February 1949, H. R. 2756 was introduced by the gentleman from Kentucky [Mr. SPENCE], which is the same Mr. SPENCE that is the author of this current control bill. That resolution was similar in most respects to this bill, giving the President authority to take over any property that he deemed necessary by any means that he deemed feasible and to otherwise regiment the lives and property of the American people.

It took 42 pages in that 1949 resolution to write all of these bureaucratic con-

trols and penalties thereto. Public indignation forced the withdrawal of that bill even without a hearing. We are all aware that the gentleman from Kentucky did not personally desire such regimentation but was acting upon administration instructions.

At that time the President could not have been acting upon any threat of a national war emergency because he had just issued that memorable statement saying that we were the farthest from war in our history, and he had just ordered the Air Corps and the Army cut down in strength. Yet he still was asking for control of the lives and the property of the American people.

One phase of the control bill that particularly interests and affects the farmers is the plan of meat control. This is a plan whereby meat packers would be placed on a quota basis—that is, every packer would be subject to the whim of Michael DiSalle as to whether or not he could butcher, and how much he could butcher. I was personally told by the meat-control authorities of OPS that no new person would be allowed under any circumstance to start a meat packing business. Under controls no young man can hope to enter business on his own. Is it any wonder that big business and big-business leaders favor such absolute control. They would never have competition. Through history the elimination of competition has been an evidence of dying economy. We were able to successfully fight World War II and feed the Allied World in the greatest of global conflicts, but President Roosevelt did not have, nor did he ask for this unusual power over the economy of the American people. The fact that men from the big packing interests worked with DiSalle in this plan of regimentation should be brought to the attention of the American people.

Congress by an overwhelming vote eliminated this quota-licensing provision. At that time these proponents of regimentation cried crocodile tears in the news columns and over the airways that Congress was attempting to raise the price of meat to the consumer when every one of them knew or should have known that the quota system could never have decreased the price of meat but would have only caused shortages. It is only another excuse to regiment the American people and to put 60,000 American gestapo meat detectives on the Federal payroll.

In truth and in fact the quota system was being used by DiSalle deliberately to bring about a meat shortage in America. The following facts speak for themselves: In July 1951 there were more cattle in the United States than there were in July 1950. There were more people to eat meat in July 1951 than there were in July 1950. Yet DiSalle apparently to create a shortage, for reasons which you may guess, cut the quota of meat to be placed on the market by 10 percent. In other words, the packers were allowed to butcher only 90 percent of what they had butchered in July 1950. Yet DiSalle admits that the 10 percent roll-back or quota fixing will not bring lower prices to the consumer.

The Consumer Reports, a magazine published for consumers only, and one that will not accept advertising, states in its July 1951 issue:

The new beef ceiling prices, effective the middle of May, did not, as consumers are aware by this time, roll back retail prices. In some parts of the country the whole beef carcass, if sold in retail cuts at the ceilings, would actually cost consumers between 3 and 7 percent more than it did before the Office of Price Stabilization rolled back beef prices.

The ceilings did lower the market price of some luxury cuts (porterhouse, T-bone, and rib roast). But the ceiling prices set for cheap cuts, generally speaking, were higher than the preceiling prices. For such items as short ribs, brisket, and certain kinds of stew meat, the ceiling prices were more than 30 percent above preceiling market prices in many places.

Assuming that OPS functions as a Government agency to protect the general public against inflation, a beef control program which permits higher prices of meat bought by low-income groups while lowering the price of luxury cuts makes no sense whatsoever.

The 69 pages of fine type of the present OPS beef controls read like a logical and reasoned set of plans to meet an immediate and serious national crisis; namely, a dangerous shortage of supply.

But there is no shortage of beef.

That the danger from which OPS says it is protecting the Nation does not exist is clear from the reports of both the United States Department of Agriculture and the Department of Commerce.

In spite of all parley, this action by DiSalle admits of only one explanation. It is interesting to recall that in socialized England the meat has been rationed and controlled to the point where the butcher cannot sell enough to make a living, and therefore he has been placed on the government payroll, and the English people are hungry for meat. They have an abundance of controls but they have no meat to eat.

An analysis of this roll-back situation is included in the Consumer Reports of June 1951. In mentioning the 10 percent roll-back on the price of meat, it says:

The net effect of this latest OPS order, which like so many OPS ceilings actually raises consumer prices, will be to force down the price of cattle. Packers will then buy this cattle not for slaughter, but for inventory, and at distress prices. In other words, the OPS beef order plays right into the hands of the big meat packers and aids him in his speculation in meat.

The truth of the matter is that big business is being treated quite kindly. Today Government contracts go to big business by negotiation and not by the letting of contracts to the lowest bidder while laborers and businesses in the small cities and towns are unemployed. About 98 percent of all contracts today are being let by negotiation and not by bid.

When manufacturers were ordered to file specific dollar-and-cents ceilings by July 2 on the basis of a roll-back to pre-Korean prices, General Electric Co., which manufactures over 2,000 items, wired its dealers that there would be no roll-back on refrigerators, washing machines, driers, irons, and so forth, but on the contrary they said, "it appears under the terms of the regulation that

some increases in price is justified by our cost increase."

All of this is definite proof that the present plan of control is not designed to help labor or the consumer, neither is it designed to help the farmer. Let me give just one example of how some farmers are hurt.

Last September 1950 Congress passed and the President signed the 1950 control bill. The President or his representative could at any hour after that time freeze the price through that bill. They chose not to do so until May 20, 1951. At that time the price of cattle had increased approximately 19 percent since September 1950. Therefore, the price of cattle was ordered rolled back 10 percent and $4\frac{1}{2}$ and $4\frac{1}{2}$ percent.

Eric Johnston, Economic Stabilization Director, on March 9, 1951, made a radio talk explaining how roll-backs would not help the economic conditions of the consumers and suggested that the only way beef might be plentiful after roll-backs would be on the black market at fantastic bootleg prices. A few days later in answer to a question by Senator MILLIKIN, of Colorado, as to whether or not there would be roll-backs on beef, Johnston wrote that of course there would be no roll-backs on beef and referred him to the speech of March 9. That letter was circulated among cattle growers generally. Now suppose that a cattle grower with patriotic interest to produce more meat, bought cattle in April relying upon the statement of Mr. Johnston. On May 21, 1951, the day after the roll-back, that cattle grower took a loss on those cattle—he might possibly have taken a loss of 19 percent just because of the action of the administration.

The price of liberty and freedom has always been the fight against the encroachment by a government and its many bureaucracies on the rights of the people. Today the Government is asking the right to license every business, to control everything.

There is in the world today a philosophy that the Government can best control and direct the lives and destiny of the people. That philosophy is found in America in varying degrees. There are those proponents on the floor of the House today. Government bureaus are filled with such philosophy. The longer any group is entrenched in Government power regardless of the political party the stronger becomes their belief that they should govern and direct the lives and thoughts of the people being governed. That is bureaucracy. That is the bureaucracy that has always opposed the rights of the individual. Anyone who believes in that philosophy is in favor of controls for the purpose of controlling and not merely as a means to temporarily check inflation until production can create a state of abundance. I am happy that these exponents of bureaucracy and regimentation are in the minority in Congress.

Through history the farmer has been one of the greatest advocates of freedom and has most consistently fought off all attempts at regimentation. I believe that that is the reason that he is a farmer. He loves that plot of land where

he can plan and work and manage his affairs as he wishes with a maximum of freedom. Give the farmer a chance and he will create the abundance that will supply all of us; yes, that will feed the world.

The farmer knows that the only real wealth is in the resources that God has placed in the land and sea and air, and the labor of the men and women that work these resources into the things we need and the food and clothing, the homes, the automobiles that we enjoy.

The farmer has operated on the law of supply and demand, and he knows that in the spring, when eggs are in abundance, the price is low and he uses many eggs; but in the winter, when eggs are scarce, the price is higher and he does not use as many. He also knows that the type of thinking and planning that would advocate solving the cattle shortage by having each cow have two calves a year in place of one is not the type of planning that he would trust to control the economic conditions for him and his neighbors.

He also remembers OPA's answer during the last war to a sheep farmer's request for canvas to cover a lambing shed—"have the sheep lamb in May instead of February, and you won't need the shed."

None of us wants black marketeering. It destroys not only economy, but character. Many phases of this bill would encourage black marketeering. Perhaps this can be explained by the fact that Arthur B. Maurer, president of the Maurer Packing Co., of Kansas City, and food consultant in Office of Price Stabilization and one of the planners of these proposed controls, is the same Arthur B. Maurer who was convicted of black marketeering on 20 counts in the Federal court in the western district of Missouri on October 18, 1943. He was also an OPA consultant in World War II.

The farmer knows that all the controls there are in the world cannot produce one pound of beef or make one pair of shoes.

No one desires more than I to have all Americans well fed, clothed, and housed; but I know that that can only be achieved by free labor, not slave labor; by a free economy of abundance, not a regimented economy of scarcity.

No one desires more than I to stop inflation. Unless inflation is stopped our economy is ruined. All fair-minded Americans will admit that. Inflation in Europe in the early twenties, in China in the late forties, and many other places lend ample testimony to that fact. Please remember that all of these inflation conditions even to the point of collapse of the country were under rigid controls. Rigid controls failed with each new spiral of the price increase. Controls no more stopped this spiral of inflation than morphine cures a disease. Morphine will temporarily ease the pain but will not cure the disease. Controls will temporarily stop the inflation but will not correct the causes. The cause of inflation lies in the fact that goods are scarce and purchasing power is great.

What is the answer to inflation? It is simple. The more of the desired consumer goods that we have the less we

will have of inflation. All of the materials that we withdraw from normal channels of production and allocate to such projects as flood walls in Tanganyika or radio transmitters in Italy add to inflation here. Everyone that is unnecessarily removed from the lines of productive labor and placed on the Federal payroll increases inflation. Today the Government has more civilians on the public payroll than it did in World War II, and they are being added at the rate of better than one a minute.

The answer to inflation is in the hands of the President and his administrative officials. If they insist on bigger and broader spending proposals, on curbing production, on allocating consumer goods away from our American markets, on placing more party faithfuls on bureaus of our Federal payroll, then inflation and its attendant ills are inevitable; and no artificial controls that Congress can pass can stop them.

The CHAIRMAN. The Chair recognizes the gentleman from Kentucky [Mr. SPENCE] to close debate on the committee amendment.

Mr. SPENCE. Mr. Chairman, I ask for a vote.

The CHAIRMAN. The question is on the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

Mr. HINSHAW. Mr. Chairman, a parliamentary inquiry. Would it be in order for the gentleman from California to observe that the distinguished gentleman from Arkansas [Mr. MILLS] has gone through 3 weeks of very arduous labor in presiding over the Committee of the Whole in excellent style and deserves the support of the Members of the House? [Applause.]

The CHAIRMAN. The Chair thanks the gentleman and believes this should be permitted.

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

Mr. SPENCE. Mr. Chairman, I object. We want to proceed in an orderly way.

The CHAIRMAN. The Clerk will report the next committee amendment.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that the bill be considered as read but that it be considered for amendment section by section.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky that the remainder of the bill be considered as read and that amendments be considered section by section?

Mr. COLE of Kansas. Mr. Chairman, reserving the right to object, I would like to inquire whether that will call for the same order of amendments as is now the procedure? In other words, will committee amendments be considered first and then amendments from the floor?

The CHAIRMAN. The Chair will so hold if necessary.

Mr. WOLCOTT. Mr. Chairman, I have no pride of authorship at all in the unanimous-consent request.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

(The remainder of the bill reads as follows:)

GENERAL PROVISIONS

SEC. 107. The table of contents of the Defense Production act of 1950 is amended by striking out "Authority to requisition" and inserting in lieu thereof "Authority to requisition and condemn"; by inserting immediately below "Title IV. Price and wage stabilization." the following: "Title IV A. Rent stabilization"; and by striking out "Control of consumer and real estate credit" and inserting in lieu thereof "Control of credit."

SEC. 108. (a) Subsection (a) of section 703 of the Defense Production act of 1950 is amended by striking out the second sentence and inserting in lieu thereof the following sentence: "The President is authorized to appoint heads and assistant heads of any such new agencies, and other officials therein of comparable status, and to fix their compensation, without regard to the Classification Act of 1949, as amended, the head of one such agency to be paid at a rate comparable to the compensation paid to the heads of executive departments of the Government, and other such heads, assistant heads, and officials at rates comparable to the compensation paid to the heads and assistant heads of independent agencies of the Government."

(b) Section 705 of the Defense Production Act of 1950 is amended by redesignating subsections (d) and (e) as subsections (f) and (g), respectively, and by inserting the following new subsections:

"(d) The President is authorized to obtain, by regulation or otherwise, from any person such information as he may deem necessary and appropriate for measuring the adequacy of existing legislative and administrative provisions for the national defense and developing recommendations for any changes in or additions to such provisions.

"(e) Whenever the President deems such action to be in the interest of the national defense, he may, while this Act is in effect, dispense with any of the statistical work in which any executive department or establishment, by another provision of law, is directed to engage."

(c) Subsection (a) of section 706 of the Defense Production Act of 1950 is amended by striking out the last eight words thereof and inserting in lieu thereof the following: "or other order, with or without such injunction or restraining order, shall be granted without bond."

(d) Subsection (b) of section 706 of the Defense Production Act of 1950 is amended by striking out the first two sentences and inserting in lieu thereof the following sentences: "Except as otherwise provided in this act, the district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have exclusive jurisdiction of violations of this act or any rule, regulation, order, or subpoena thereunder, and of all civil actions under this act to enforce any liability or duty created by, or to enjoin any violation of, this act or any rule, regulation, order or subpoena thereunder, regardless of the amount in controversy. Any criminal proceeding on account of any such violation may be brought in any district in which any part of any act, failure to act, or transaction constituting the violation occurred."

(e) Section 710 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new subsection:

"(f) The President, when he deems such action necessary, may make provision for the

printing and distribution of reports, in such number and in such manner as he deems appropriate, concerning the actions taken to carry out the objectives of this act."

(f) Section 716 of the Defense Production Act of 1950 is amended by striking out subsections (a) and (b), by redesignating subsections (c) and (d) as subsections (b) and (c), respectively, and by inserting the following new subsection:

"(a) This act and all authority conferred thereunder shall terminate at the close of June 30, 1953."

TITLE II—MISCELLANEOUS

SEC. 201. The Housing and Rent Act of 1947, as amended, is hereby repealed, except that as to offenses committed, or rights or liabilities incurred, prior to such repeal, the provisions of said act and regulations, orders, and requirements thereunder shall be treated as still remaining in full force for the purpose of sustaining any proper suit, action, or prosecution with respect to any such right, liability, or offense. The President shall administer the powers, duties, and functions under this section through the new independent agency created pursuant to section 403 of the Defense Production Act of 1950. The President may provide for the transfer to the new independent agency created pursuant to section 403 of the Defense Production Act of 1950 of any of the functions, records, property, personnel, and unexpended balances of appropriations, allocations, and other funds of the Office of the Housing Expediter. Any employees of the Office of the Housing Expediter not so transferred shall unless transferred to other positions in the Government be separated from the service. The President shall make such provisions as he shall deem appropriate for the termination and liquidation of the affairs of the Office of the Housing Expediter and until such action is taken by the President, the Office of the Housing Expediter shall be continued. For the purposes of determining the status of employees transferred to the agency administering functions provided for in this act, and in the Defense Production Act of 1950, as amended by this act, they shall be deemed to be transferred in connection with a transfer of functions.

SEC. 202. (a) The President shall administer the powers, functions, and duties under this section; and for the purpose of exercising such powers, functions, and duties as the President may delegate any power or authority conferred upon him by this section to any officer or agency of the Government and he may authorize such redelegations by that officer or agency as the President may deem appropriate.

(b) Section 215 of the Independent Offices Appropriation Act, 1946 (59 Stat. 106, 124), and section 213 of the Independent Offices Appropriation Act, 1947 (60 Stat. 60, 81), are hereby repealed. Any allocations made or committed, or priorities granted for the delivery, of any housing materials or facilities under any regulation or order issued under the authority contained in Public Law 388, Seventy-ninth Congress, and before the date of enactment of this act with respect to veterans of World War II, their immediate families, and others, shall remain in full force and effect.

(c) In order to assure preference or priority to persons who at any time during the effective period of this act are serving, or have since September 16, 1940, served, in the active military or naval forces of the United States (hereinafter referred to in this section as veterans) or their families.

(1) no housing accommodations designed for single-family residence, the construction or conversion of which has been completed since June 30, 1947, shall be offered for sale or resale, or sold or resold, to persons other than veterans or their families, unless such housing accommodations have been publicly offered for sale exclusively to veterans or

their families (a) during the period of construction or conversion and for 30 days thereafter, prior to a sale or offering for sale to such nonveterans, and (b) for a period of 7 days prior to a resale, or an offering for resale, to such nonveterans; and

(2) no housing accommodations designed for occupancy by other than transients, the construction or conversion of which has been completed since June 30, 1947, shall be offered for rent or re-rent, rented or re-rented to persons other than veterans or their families, unless such housing accommodations have been publicly offered for rent exclusively to veterans or their families (a) during the period of construction or conversion and for 30 days thereafter, prior to a first renting or offering for rent to such nonveterans, and (b) for a period of 7 days prior to a subsequent renting, or offering for rent, to such nonveterans; and

(3) no housing accommodations designed for single-family residence, the construction or conversion of which has been completed since June 30, 1947, shall be offered for sale or resale, or sold or resold, to any person at a price less than the price for which it had been last offered for sale to veterans or their families for at least 7 days: *Provided, however*, That in no event shall the public offering period to veterans or their families total less than 30 days in any first or original sale as required by paragraph (1) of this subsection; and

(4) no housing accommodations designed for occupancy by other than transients, the construction or conversion of which has been completed since June 30, 1947, shall be offered for rent or re-rent, rented or re-rented, to any person at a price less than the price for which it had been last offered for rent to veterans or their families for at least 7 days: *Provided, however*, That in no event shall the public offering period to veterans or their families total less than 30 days in any first or original renting as required by paragraph (2) of this subsection.

(d) As used in this section—

(1) The term "person" shall include an individual, corporation, partnership, association, or any other organized group of persons, or a representative of any of the foregoing.

(2) The term "housing accommodations" shall include, without limitation, any building, structure, or part thereof, or land appurtenant thereto, or any real or personal property, designed, constructed, or converted for dwelling or residential purposes, together with all privileges, services, or facilities in connection therewith; industrially made or prefabricated houses, sections, panels, or their aggregate as a "package" designed or constructed for dwelling or residential purposes; and a certificate, deposit, membership, stock interest, or undivided interest in real estate, under a cooperative mutual ownership or similar plan, which carries with it the right of occupancy of individual dwelling units.

(e) The President is authorized to issue regulations and orders prescribing the manner in which such housing accommodations shall be publicly offered in good faith for sale or rent to veterans or their families and such other regulations or orders as he may deem necessary in the public interest to effectuate the provisions of this section. The President is further authorized to grant such exceptions to the provisions of this section for persons engaged in national-defense activities and for hardship cases as he may deem appropriate.

(f) Any person who willfully violates any provisions of this section shall, upon conviction thereof, be subject to a fine of not more than \$5,000 or to imprisonment for not more than 1 year, or to both such fine and imprisonment. Whenever the President has reason to believe that any person is liable for punishment under this subsection, he may certify the facts to the Attorney Gen-

eral, who may, in his discretion, cause appropriate proceedings to be brought.

(g) This section shall cease to be in effect at the close of June 30, 1953, or at such earlier time as the Congress by concurrent resolution or the President by proclamation may designate or upon the date that the President proclaims that the protection to veterans or their families provided by this section is no longer needed, whichever date is the earlier, except that as to offenses committed, or rights or liabilities incurred, prior to such termination date, the provisions of this section and regulations and orders issued thereunder shall be treated as still remaining in force for the purpose of sustaining any proper suit, action, or prosecution with respect to any such right, liability, or offense.

(h) If any provisions of this section or the application of such provision to any person or circumstances shall be held invalid, the remainder of the provisions and the application of such provisions to persons or circumstances other than those as to which it is held invalid shall not be affected thereby.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 44, line 14, after the figure "(1)", insert "by striking out the period and inserting in lieu thereof the following: 'And provided further, That no more than 6 percent down payment shall be required in connection with the loan on any home guaranteed by the Veterans' Administration pursuant to the Servicemen's Readjustment Act of 1944, as amended, and the cost of which home does not exceed \$12,000.', and."

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent that all debate upon the bill and all amendments thereto close at 6 o'clock.

Mr. SPENCE. Mr. Chairman, reserving the right to object, I would like to see the bill disposed of as soon as possible, but there are some amendments here that I think deserve some discussion. Should we adopt this proposal then at 6 o'clock there can be no further discussion of any amendment; they will be proposed and considered without any explanation or answer. I think it might take a little longer than that. I should like to wait until 6 o'clock before we fix a definite limitation like that.

The CHAIRMAN. Does the gentleman object to the request of the gentleman from Michigan?

Mr. SPENCE. I do.

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent that I be recognized for the purpose of moving that all debate upon the bill, amendments, and amendments to amendments close at 6 o'clock.

The CHAIRMAN. The question is on the motion of the gentleman from Michigan.

The motion was agreed to.

(Mr. JACKSON of Washington asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. JACKSON of Washington. Mr. Chairman, I was greatly encouraged earlier this week by the course of action on the Defense Production Act. But I see now that my optimism was prema-

ture. It is evident from the character of certain amendments offered on the floor that many of my colleagues are not eager to assure the administration of anything more than the hollow shell of an adequate controls program.

I would like to say, first, that I hope we may expect roll call votes on all the amendments that are designed to scuttle the controls program. I think the American people are entitled to know who is on their side. I suspect that many of my colleagues may reconsider their hasty action when faced with the necessity to stand up and be counted.

I have been amused to hear during the course of discussion on this bill, certain old, tattered, shopworn arguments about socialism and totalitarianism—the obvious result, they say, of an adequate controls program. I am always encouraged to see such arguments make their appearance in congressional debate. Invariably, their significance lies in the fact that those who expound them are scraping the bottom of the barrel in their opposition to some program designed to benefit the country.

Is Mr. Charles Wilson a Socialist? I think you will agree that he is not. Is Mr. Eric Johnston a Socialist? I think not. Mr. Johnston, as you know, is a former president of the National Chamber of Commerce and, I am happy to say, a resident of the State of Washington. Mr. Johnston is a Republican who has accepted a position of great responsibility to help his country in a critical time and, as Mr. Thomas L. Stokes said in a column recently, we are lucky to have Mr. Johnston and Mr. Wilson around.

Is American labor socialistic? I think not. Labor's determined fight for controls is added evidence of labor's views that what's good for the country is good for labor. One of the goals of organized workers in this country has been to achieve higher wages, but labor is willing to accept wage stabilization with an across-the-board controls program because it knows that we will all suffer without it.

The gentlemen who speak of socialism, strangely enough, are the leading exponents of Government economy. They can see their way clear to relieve the taxpayers of the cost of 46 Government chauffeurs, but rush to unearth the socialistic skeleton at the thought of adequate anti-inflation controls, the lack of which has cost the taxpayers \$21,000,000,000 in the past 18 months.

I would like to remind these gentlemen that, because of inflation, local, State, and Federal taxpayers are now paying from 30 to 60 percent more than in 1945 for the same Government services. In the last year alone inflation has increased the cost of our rearmament program by \$10,000,000,000—more than the entire cost of our so-called spendthrift Federal Government in 1939. In the passage of a Defense Production Act containing strong price, wage, rent, and credit controls, we have a golden opportunity to cut down, if not eliminate, this tragic waste.

The overlooked and neglected forest, Mr. Chairman, is the great mass of people—workers, pensioners, the wives of

veterans overseas—all those who live on fixed or small incomes. It is on this group that the heavy burden of inflation falls.

I hope we have seen an end to the crippling amendments offered to the Defense Production Act. It should be made unmistakably clear that Members of this House cannot undercut the controls program through the amendment process and then return to their constituents and say they supported controls. A mere vote for the final act, when a man has spent a month extracting the teeth of the program it authorizes, will not fool anyone. You can be sure of that. Our Nation's press and radio are carrying hourly reports to every district represented in this Congress, informing the people on the real meaning of every move made in this House. Unless I am badly mistaken, the voters will not forget.

I hope, Mr. Chairman, not only that there will be no more crippling amendments offered to this bill, but that we may have the opportunity to repair some of the damage already done. I say this because I know that a feeble controls bill will cost the people of my district \$27,000,000 in the next year through inflation. It will cost the people of other districts throughout the country even more. I do not want the people of my district to think that I voted for the final Defense Production Act without doing everything in my power to prevent its becoming a ghost mandate to fight inflation—a mandate in name only, lacking in force and condoning the situation it sets out to correct.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 45, strike out all of line 7 down to and including line 7 on page 48.

Mr. MULTER. Mr. Chairman, I rise in opposition to the committee amendment.

Mr. Chairman, I am not going to take 5 minutes but I am going to take sufficient time to remind the House that this is the commodity speculation section of the bill. It is similar to the provision which was in the bill last year that was stricken out. Every argument that was made against speculation in commodities at that time prevails today tenfold. There is more reason for control of commodity speculation today than there ever was. I urge that this amendment be defeated and that commodity speculation control be kept in the bill.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield.

Mr. EBERHARTER. In other words, this amendment is simply for the benefit of the speculators in food and other commodities and on the grain exchanges, and so forth and so on?

Mr. MULTER. That is right, and I want to see such speculation curbed.

Mr. EBERHARTER. It is a speculator's amendment.

Mr. MULTER. I serve notice that at the proper time I intend to ask for a roll call should this committee amendment prevail in order that those people who are opposed to commodity speculation can show that they do not want it in the

bill, and that those who are in favor of commodity speculation can go on record that way.

Mr. EBERHARTER. I agree with the gentleman; I am with the gentleman 100 percent because I think the House will take a very serious step if it allows speculation to go wild, because we have had experience with that before and know how it drives up the cost of the necessities of life.

Mr. MULTER. This is one of the many amendments yet to be considered. I think that is one of the reasons why gentlemen on the other side urged closing debate by 6 o'clock, so that we would not have an ample opportunity to discuss these important matters.

Mr. BUFFETT. Mr. Chairman, I rise in support of the committee amendment.

Mr. Chairman, I want to acquaint the members of the committee with the current situation so far as commodity markets are concerned. Yesterday the Dow-Jones commodity futures index declined to the lowest level since August 15, 1950. At the same time the Dow-Jones spot index was at the lowest since October 18, 1950.

The commodity exchanges of the country allow the free play of supply and demand which is bringing prices down at this time. The members of this committee should find that fact a most constructive development.

The CHAIRMAN. The question is on the committee amendment.

The question was taken; and on a division (demanded by Mr. MULTER), there were—ayes 92, noes 52.

So the committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

Mr. MULTER. Mr. Chairman, I have an amendment that comes in before the next committee amendment.

The CHAIRMAN. We will come back to individual amendments after we have completed all of the committee amendments to the bill.

Mr. MULTER. All of the committee amendments to the bill will be disposed of first?

The CHAIRMAN. Yes.

Mr. MULTER. Then it will be in order to offer my amendments to other sections, even though they have been passed?

The CHAIRMAN. Yes.

The Clerk read as follows:

Page 48, strike out lines 12 to 16, inclusive.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 48, line 17, add a new section as follows:

"SEC. 108. (a) section 701 (b) (ii) of the Defense Production Act of 1950 is hereby amended to read as follows:

"(ii) Such business advisory committees shall be appointed as shall be appropriate for purposes of consultation in the formulation of rules, regulations, or orders, or amendments thereto issued under authority of this act, and in their formation there shall be fair representation for independent small, for medium, and for large business enterprise, for different geographical areas, for

trade association members and nonmembers, and for different segments of the industry, and each such committee may, without expense to the Government, appoint a secretary and/or counsel who may, if not a member of the committee, attend all meetings of such committee but without vote."

Mr. MULTER. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER to the committee amendment: Page 49, line 3, strike out the comma after the word "industry" and insert in lieu thereof a semicolon and strike out all of the words after the word "industry" in line 3, page 49, down to and including the word "vote" in line 7, page 49.

Mr. MULTER. Mr. Chairman, this amendment is recommended to us by the Committee on the Judiciary that conducted long and extensive hearings concerning this subject matter. I believe it is acceptable to the members of our committee on this side.

The CHAIRMAN. The question is on the amendment to the committee amendment.

The question was taken; and on a division (demanded by Mr. MULTER) there were—ayes 91, noes 8.

So the amendment to the committee amendment was agreed to.

The CHAIRMAN. The question recurs on the committee amendment as amended.

The committee amendment as amended was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 49, line 8, insert:

"(b) Subsection (c) of section 701 of the Defense Production Act of 1950 is amended by striking out 'and having due regard to the needs of new businesses' and inserting in lieu thereof the following: 'Provided, That the limitations and restrictions imposed on the production of specific items shall not exclude new concerns from a fair and reasonable share of total authorized production.'"

Mr. WOLCOTT. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT to the committee amendment: Page 49, line 11, after the word "following" insert "and having due regard to the current competitive situation of established businesses."

Mr. WOLCOTT. Mr. Chairman, this matter was not called to my attention early enough to discuss it with the chairman of the committee but I hope that he will accept it. What I seek to do, because of the language difficulties here, is to insert before the proviso language that in the allocation of materials current competitive positions of established business shall be maintained. The purpose of the amendment is to assure that a company will be entitled to the same competitive position in the industry that it had in the representative base period and remove any possibility that discrimination might be made between competing industries. It will remove and obviate the possibility of any charge being made that there is discrimination in favor of any particular industry. We

have adopted one amendment earlier in the bill with which this amendment is consistent.

Mr. PATMAN. Mr. Chairman, if the gentleman will yield, I did not get the amendment.

Mr. WOLCOTT. First I had to write some of the language back in there. On page 49, previous to the proviso, I add the language "and having due regard to the current competitive position of established businesses."

Mr. PATMAN. Well, I would like to see the amendment if it is written out. Will that affect new businesses coming into operation now?

Mr. WOLCOTT. No, because I preserve the proviso in respect to new businesses. You see, what the Committee on Banking and Currency did, they struck out the language "and having due regard to the needs of new business" and inserted the language in the proviso, "Provided, That the limitations and restrictions imposed on the production of specific items shall not exclude new concerns from a fair and reasonable share of total authorized production." That took care of new concerns.

Mr. PATMAN. The gentleman's amendment will not interfere with either one of these, then.

Mr. WOLCOTT. Not in the least, but the first three or four words of the language of my amendment follow some of the language which was stricken out and I wanted to stress the fact that it did not rewrite back into the bill anything which we had stricken out.

Mr. PATMAN. What is the real purpose of the amendment then?

Mr. WOLCOTT. The real purpose of the amendment is to preserve the competitive position of established businesses.

Mr. PATMAN. It does not interfere with new concerns?

Mr. WOLCOTT. Not in the least.

Mr. PATMAN. Under this proviso, I mean.

Mr. WOLCOTT. Not in the least.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. WOLCOTT] to the committee amendment.

The amendment to the committee amendment was agreed to.

The CHAIRMAN. The question recurs on the committee amendment as amended.

The committee amendment as amended was agreed to.

Mr. YATES. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. YATES. Is it in order at this time to move to strike out the last word to propound a question to the committee with relation to the section on page 73 of the bill?

The CHAIRMAN. The Chair will recognize the gentleman if he moves to strike out the last word.

Mr. YATES. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time, in view of the agreement by the committee limiting time for debate on this bill, to call the attention of the committee to

page 73 of the bill relating to the Housing and Rent Act amendments, and to ask several questions. Section 203 reads as follows:

Notwithstanding any other provision of this act, the President shall by regulation or order establish such maximum rent or maximum rents as in his judgment will be fair and equitable.

Is it the intention of the committee to limit the application of the section only to those areas in the country which are now decontrolled and which may for one reason or another wish to be re-controlled under the provisions of the act?

Mr. BURTON. It is my understanding that the committee had in mind that this would refer only to those critical areas referred to in that particular paragraph.

Mr. YATES. This section, then, is not applicable to section 201 and the other provisions of the bill which contain the present provisions of the act until June 30, 1952 for areas now under control and does not supersede or repeal those provisions?

Mr. BURTON. It will not supersede the other provisions.

Mr. YATES. With respect to areas now under control?

Mr. BURTON. That is correct.

Mr. JONAS. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Illinois.

Mr. JONAS. I take it this is the item we discussed?

Mr. YATES. That is correct. I discussed the matter with the gentleman this morning.

Mr. JONAS. I am still under the impression the gentleman is on the right track when he is making inquiry as to the interpretation of this language.

Mr. BURTON. There is no question but that it does not affect areas now under control.

Mr. JONAS. As I interpret the matter, this means that an area that is now under the old-act controls automatically becomes decontrolled, and the governing body in that area must pass a resolution calling for a meeting on 10 day's notice to determine whether they will be recontrolled. This says that notwithstanding any other provisions of this act the President shall do exactly that.

Mr. BURTON. Areas now under control remain under control.

Mr. JONAS. Where does it say that in this bill.

Mr. BURTON. That is the intent.

Mr. JONAS. I have been searching high and low for that information in the bill. I wish it were the other way.

Mr. BURTON. The gentleman must also take under consideration the other provisions.

Mr. JONAS. I have taken into consideration the other provisions, but this says, "Notwithstanding any other provision of this act."

Mr. BURTON. That "notwithstanding" language does not affect areas now under control and is not intended to apply to areas now under control.

Mr. JONAS. It cannot explain itself when it is subject to its own interpretation.

Mr. YATES. In view of the ambiguity that exists, would the committee accept an amendment to line 24, following the word "accommodations" which would insert the words "not now under rent control" in order to clarify the situation? Or does the committee believe that will not be necessary?

Mr. BURTON. In my opinion, there is no conflict. The intent is merely to clarify.

Mr. YATES. It is only intended to clarify the paragraph of the present law which applies to the areas which are not now under control; is that correct?

Mr. BURTON. That is correct.

Mr. YATES. With respect to the areas that are now under control, the other sections of the act would continue to apply, and rent control would be continued with respect to those areas, without reference to this section at all?

Mr. BURTON. That is correct.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Michigan.

Mr. DONDERO. Where cities and towns have by their local governing bodies decontrolled their area, does this come back under this bill so that they would again have to get authority?

Mr. BURTON. The question the gentleman has asked is on this one particular statement under (k). We will discuss the bill a little later, if I may leave it until then.

Mr. YATES. I thank the gentleman. I agree that subsection (k) should be limited in its application only to the areas not now under rent control, but in view of the fact that a few Members thought the intention of the committee on the subsection to be ambiguous, I wanted to clarify it and make its intention and application specific and definite. The view that the section operates to repeal the sections of the bill which continue rent control until June 30, 1952, in areas now under control is in my opinion, untenable, unreasonable and could not possibly be intended by the committee.

Mr. McDONOUGH. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. McDONOUGH. Mr. Chairman, is it in order to entertain amendments to the housing and rent section of the bill now?

The CHAIRMAN. It will not be in order.

Mr. McDONOUGH. Mr. Chairman, that is the reason I was attempting to make a parliamentary inquiry of the Chair previously.

The CHAIRMAN. The question is on the committee amendment, as amended.

The committee amendment as amended was agreed to.

Mr. BOW. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BOW. Mr. Chairman, after the reading of the committee amendments

as to the particular provisions, will Members be permitted to submit their amendments which have been at the Clerk's desk for 3 or 4 days?

The CHAIRMAN. After the committee has disposed of all the committee amendments in the entire bill and, of course, the amendments to the committee amendments, then we will consider amendments by individual Members of the committee to the text of the bill.

Mr. KEATING. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KEATING. Mr. Chairman, I take it the Chairman's ruling excludes any Member being recognized now to strike out the last word or, in other words, to offer a pro forma amendment for the purpose of explaining an amendment which he may have at the Clerk's desk and which he intends to offer at the proper time.

The CHAIRMAN. The Chair would not go to that extent. The Chair will entertain pro forma amendments.

Mr. McDONOUGH. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in the interest of time, and it is rapidly passing, I realize that in all probability when the amendment I have at the Clerk's desk is offered, and then brought to the attention of the Committee, it may be too late to make an explanation of it.

Therefore, I want to take this time to inform the House that I have an amendment at the Clerk's desk which reads as follows:

Beginning on page 76, after line 20, insert the following new sentences: "If any locality which has been decontrolled as a result of action by its local governing body under paragraph (3) of subsection (j) of this section is included in an area certified under this subsection as a critical defense-housing area, the President shall promptly notify the local governing body of that fact, and shall not establish any maximum rent for any housing accommodation in the locality until 60 days have elapsed after the date on which such notice is given. If, within such 60-day period, the local governing body adopts a resolution in accordance with applicable local law and based upon a finding by it reached as the result of a public hearing held after 10 days' notice, that any of the conditions listed in paragraphs (A), (B), and (C) of this subsection does not exist in the locality, the certification involved shall have no effect with respect to the locality for the purposes of this subsection and subsection (m) of this section. The preceding two sentences shall not apply with respect to any housing accommodation occupied by, or by the family of, a member of the Armed Forces who is stationed at an Armed Forces installation in or adjacent to the locality."

The purpose of the amendment is to give the local governing body the opportunity and the right that it had under the 1947 act to determine for itself whether rent control should be imposed upon it, because as the bill is now written the local governing body has no opportunity to say anything but—

We must accept it if—

And I am reading from the bill at page 76—

if the Secretary of Defense and the Director of Defense Mobilization, acting jointly, make

the finding that a new defense plant or installation has been or is to be provided, or an existing plant or installation has been or is about to be reactivated or its operation substantially expanded;

(B) substantial in-migration of defense workers or military personnel is required to carry out activities at such plant or installation; and

(C) a substantial shortage of housing required for such defense workers or military personnel exists or impends which has resulted or threatens to result in excessive rent increases and which impedes or threatens to impede activities of such defense plant or installation.

My amendment begins at the point where it says that all three of those must be found by the Defense Mobilizer. After those findings have been made they must be submitted to the local governing board for review, and within 60 days the local governing board may hold hearings to determine whether those conditions actually exist, in their opinion, and then, by affirmative action, say, "Yes, we agree," or "No, we do not agree." Then rent control will or will not be applied.

The reason I want to impress this on the Committee at this time is that there are three categories of rent control at the present time: Those still under control, those that were decontrolled by the Housing Expediter, and those decontrolled by legislative action of the legislative bodies. My amendment has no effect on those now under control. It will have no effect on housing occupied by military personnel or their families in the area under consideration. It has no effect on those decontrolled by the Housing Expediter, but it gives recognition of the responsibility of the local governing body to determine whether rent controls shall be imposed or not. If those three things do exist, and the local governing board agrees with the Federal authority, all right; but with bureaucratic control as we know it, and with the authority that the Federal Government uses to invade a territory and say that in their opinion controls should be imposed, without my amendment it is impossible to stop it and is the only recourse the local governing body has.

The CHAIRMAN. The time of the gentleman from California [Mr. McDONOUGH] has expired.

Mr. BURTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in considering the amendment presented by the gentleman from California [Mr. McDONOUGH], it would seem well to present something of the committee amendment as it will be offered to you.

I know we are a little previous, but title II of this bill—amendments to the Housing and Rent Act of 1947—is a very moderate bill preserving the essentials of local authority except in critical housing areas where it is recognized a measure of centralized controls may be necessary to defense production.

Administrative powers are placed with the President rather than the Housing Expediter.

Where an area has been decontrolled it may be recontrolled by the same State or local authority that decontrolled, which preserves the local-option fea-

ture—the single exception being critical housing areas. Such areas may be certified by the Secretary of Defense and the Director of Defense Mobilization acting jointly only when all three of the following conditions exist:

A. A new defense plant or installation has been or is to be provided, or an existing defense plant or installation has been or is to be reactivated or its operation substantially expanded;

B. Substantial in-migration of defense workers or military personnel is required to carry out activities at such plant or installation; and

C. A substantial shortage of housing required for such defense workers or military personnel exists or impends which has resulted or threatens to result in excessive rent increases and which impedes or threatens to impede activities of such defense plant or installation.

Wherever an area has been certified to be a critical defense housing area, real-estate construction credit controls are suspended on moderate-priced housing.

To compensate for increases in costs and prices, rentals may be increased 20 percent over the rates effective June 30, 1947. This includes the 15 percent voluntary advance already granted.

The amendment does not cover business properties.

By incorporating the amendments to the Housing and Rent Act in the Defense Production Act amendments of 1951 this carries the same termination date and points to a definite termination date for rent control.

With defense deliveries to be two and one-half times as great in the fiscal year 1952 as in 1951 we cannot safely abandon controls at this time. With controls on all other items we cannot consistently fail to protect critical defense areas against unreasonable rent advances.

The amendment as presented represents the careful thought of the committee, not simply on one side of the aisle, but on both sides of the aisle, and was reported by an overwhelming voice vote in Committee. I sincerely hope this amendment will receive your support as a bill providing authority for effective administration and a bill that offers a definite termination date for rent control.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. BURTON. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes to answer these questions.

The CHAIRMAN. The Chair reminds the gentleman that time has been fixed, and the Chair cannot entertain the request.

Mr. COLE of Kansas. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I regret very much that I must approach this very important issue under these circumstances. I would have preferred that the issue be presented just prior to the vote.

I now give the membership the opportunity to make a decision upon the basic fundamental program of attacking high prices. If you want to stop high prices

you do so by stopping inflation. That is the basic approach, and I shall offer at 6 o'clock or shortly thereafter an amendment which will limit the authorization provided for in title IV of this bill, and ask for the authorization to expire on August 15, 1951. You will have an opportunity to vote it up or vote it down.

Those of us who believe that price control does not do the job of attacking the problem of high prices have decided that we will not vote for price control today. I voted for this bill in 1950; I supported it, but since that time I have been disillusioned with the political administration of it, and I cannot support it under the present circumstances.

Mr. Chairman, I desire to call attention to a study that I have here of the conditions between 1939 and 1942.

In 1939 the impact of World War II had not been felt in this country. In 1942 the full impact of the war had been felt. I relate 1939 and 1942 to the post-Korean situation in employment.

Employment: Total civilian employment in 1939 was 45,800,000, with 9,500,000 unemployed. By 1942 civilian employment was 53,800,000—an increase of 8,000,000. This compares with civilian employment of 61,500,000 on June 30, 1950 and 61,200,000 on May 31, 1951—a decrease of 300,000. In other words, 8,000,000 people found employment in civilian occupations early in the last war, compared to a decrease from July 1, 1950 to May 31, 1951, of 300,000. Most of those employed early in the last war came out of the unemployed, many of them having been on relief, and they and their families suddenly came into the market for all types of goods. No such thing has occurred since Korea.

Wages: Average weekly earnings in manufacturing in 1942 were \$36.65, compared to \$24.00 in 1939—an increase of 52.6 percent. From July 1, 1950 to April 30, 1951, average wages increased from \$58.85 per week to \$64.74—an increase of 10 percent. Average real weekly earnings, after adjustment of increases in living costs, increased 31 percent from 1939 to 1942, compared to an increase of less than 1 percent post-Korea.

Manufacturing output: The physical volume of manufacturing production increased by 12 percent from July 1, 1950 to April 30, 1951.

Retail sales: From 1939 to 1942 retail sales increased 37.1 percent; compared to 4.5 percent from April 30, 1950, to April 30, 1951.

Notice that the manufacturing output increased 12 percent from July 1, 1950 to April 30, 1951. That the physical volume of output increased 33 percent from July 1, 1949 to April 30, 1951.

Look at the manufacturing output since Korea, it increased 12 percent while retail sales increased only 4.5 percent. This situation caused excessive inventories.

Therefore, I have shown conditions are very different now, than when we were in World War II.

Now, I want to comment on the experience of price control in World War II.

Price controls: From January 1, 1942, to November 1946, the BLS Index of Consumer Prices advanced by 35.9 percent. This was by no means uniform because during that period food advanced 61.5 percent; apparel advanced 47.3 percent; house furnishings advanced 44.7 percent; miscellaneous items went up 22.1 percent—including automobiles, refrigerators, and so forth, which were frozen as to price, but not manufactured; rent only went up 0.4 percent in the period of price controls.

After price controls were removed in November 1946, by December 1950, prices had advanced as follows: Food, 14.8 percent—compared to 61.5 percent under price controls; apparel, 14.9 percent—compared to 47.3 percent under controls; house furnishings, 19.8 percent—compared to 44.7 percent under controls. Rent increased 15.6 percent after the end of price controls, compared to 0.4 percent under controls, in spite of the fact that we have had some kind of controls on rent, either at the Federal or local levels, since rent controls were first established at the outbreak of World War II.

Wage comparisons: In 1939, average weekly wages were \$24, which increased by 52.6 percent to \$36.65 in 1942; and by 19.6 percent to \$43.82 in 1946, with the greatest increase, of 34.3 percent to \$58.85 at June 30, 1950. From that time to April 30, 1951, wages made a further increase of 10 percent to \$64.74.

Real weekly average wages which were \$24 in 1939, now are at \$34.71—a 44.6-percent increase, after allowances for increases in living costs.

Mr. Chairman, are high prices cured by price control? Let me quote to you from the price regulation issued by Mr. Eric Johnston's office on January 28, 1951:

The fact that prices have been frozen by this regulation should not be interpreted as ending the danger of inflation. This would be to confuse controlling the symptoms of a disease with its cure. The effect of price control is not to eliminate inflation, but to suppress it. Inflation comes about as a result of a gap between the available supply of goods and the amounts which consumers, business firms, and governments would like to buy and can pay for.

Mr. Chairman, that has been my story since I have been debating this bill.

Mr. Chairman, our committee and the House has had a long, difficult task attempting to determine what can be done to control inflation. The first time I took the floor I issued a challenge to the members of this committee to tell me or the Members of this House, and the people of the country, how can you stop high prices without stopping inflation? That challenge has not been met.

Mr. Chairman, the members of this committee are not interested in stopping inflation, they are not interested in stopping high prices or inflation, they are not interested in doing a job on this bill. The House should vote for this amendment stopping this subterfuge now.

(Mr. COLE of Kansas asked and was given permission to revise and extend his remarks.)

Mr. EVINS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I want to make a few remarks concerning the Small Defense Plants Corporation as authorized in section 714 of the act. I am fearful there will not be debate on that part of the measure and I do want to make some remarks on it. This is a noncontroversial feature of the bill, I am happy to say.

The great Committee on Banking and Currency of this House should be commended for including this provision in the bill. It represents an appreciation of their knowledge of the problems which small business is concerned with during this period of the emergency. I think also that the distinguished chairman of the House Small Business Committee, the gentleman from Texas [Mr. PATMAN] should be commended for his work in behalf of this legislation. He is the principal author and architect of this language of the bill to create the Small Defense Plants Corporation. Although all members of the House Small Business Committee are unanimous in recommending this legislation, and similar bills have been introduced by myself and other members of the committee, the gentleman from Texas [Mr. PATMAN] is the principal architect of this feature of the bill.

It grows out of the many hearings which the House Committee on Small Business has held.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. EVINS. I yield to the gentleman from Georgia.

Mr. BROWN of Georgia. I may say that the gentleman from Indiana [Mr. HALLECK] was very effective before our committee. Of course, I do not want to take away any honors from the gentleman from Texas [Mr. PATMAN].

Mr. EVINS. All members of the House Small Business Committee have introduced similar bills, and I would not want to take away credit from any member. I know the gentleman from Indiana [Mr. HALLECK] is a very valued member of that committee and has rendered excellent service so far as this provision of the legislation is concerned. The gentleman from Indiana [Mr. HALLECK] is the ranking minority member of the committee and is certainly a co-sponsor of the Small Defense Plant Corporation.

Since the outbreak of the Korean War the committee has held hearings in more than 20 States and more than 500 small-business men have appeared before the committee. An effort has been made to determine the impact of the emergency upon the small business enterprises of the Nation. It would be impossible to hear this testimony without realizing that something constructive needs to be done with respect to the problems of small business during these times.

There are indeed many problems affecting the small and independent business during this emergency. Problems of shortages of critical material, of lack of adequate supplies, of improper infor-

mation, of difficulties of specifications in bidding. Many hardships and difficulties are daily being encountered in matters of procurement of defense orders and Government contracts—prime contracts and subcontracts.

Mr. Chairman, particularly I would like to tell the committee of some of the procurement problems affecting small business today in their acquiring Government contracts. Prior to the outbreak of the war Government procurement was on a low-bid advertised basis, but under the provisions of the Armed Forces Procurement Act our Defense Department has now converted to procurement by negotiation. Under this method of procurement, the procurement office invites by letter a selected few suppliers to come in and sit around a table and negotiate orders for needed supplies. Prior to the use of this method of negotiation small-business enterprises of the Nation were able to procure 52 percent of the business and procurement contracts of the Department of Defense. Since that time it has grown progressively worse percentage-wise and dollar-wise for small business. As of January 1 of this year the Army and the Air Force were purchasing less than 8 percent of their requirements by advertising competitive bidding whereas 92 percent of total purchases are under negotiation. Besides difficulties encountered in the matter of securing a fair share of Government contracts other difficulties are encountered in the matter of shortage of materials and supplies. Lack of adequate financing and lack of information.

Information offices, I might add, have been set up to provide information to the small business enterprises of the Nation, and I think great credit is due to the Small Business Committee for this work. The Department of Commerce has expanded their information outlets from 65 to over 6,000 information outlets throughout the Nation—through the chambers of commerce and otherwise. Some people will tell you that those offices are adequate to do the job. They are helpful, but I will tell you they are not sufficient. Information alone is not adequate.

Thus the reason for the Small Defense Plants Corporation which is included in this bill. There exists a real need for localized central Federal authority to act on behalf of the small-business enterprises of the Nation. Business men, as we all know—and we have received complaints daily from them—have visited these offices in the field, and they have also come to Washington, and many times have gone away with a feeling of frustration with only some information provided. Most of these offices are fine looking offices; they are plush in appearance, but not adequate to act with authority.

The Small Defense Plants Corporation section is similar to the Smaller War Plants Corporation Act which was in effect during World War II, which all agree was helpful.

The small businesses and independent businesses of the Nation comprise, by far, the greatest percentage of employees and employers of the Nation.

Small business and independent business is the backbone of our free enterprise system.

The keystone of our free American economy—our competitive system.

We should and must preserve the small business of the Nation and our free enterprise system.

I strongly urge that the committee adopt the provision to create the Small Defense Plants Corporation.

Let us preserve the small business of the Nation by giving to them such proper assistance as we can during this period of emergency.

The CHAIRMAN. Permit the Chair to inquire, since the time is rapidly arriving for no further discussion on amendments, how many Members desire to be heard within this limitation?

The Chair thinks it would be fair to divide the 10 minutes remaining among those who now desire to be recognized within that time.

Mr. DONDERO. Mr. Chairman, in view of the fact that that would just give about each one 30 seconds, I ask unanimous consent that the time be extended 10 minutes so that we will have 1 minute each.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

Mr. COX. I object, Mr. Chairman. The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. WILLIAMS].

Mr. WILLIAMS of Mississippi. Mr. Chairman, if Members of the Committee will turn to page 82, subsection (2) of section 205, they will find the most far-reaching language I have seen written into a bill since I have been here. This language is intended to supersede State laws respecting the contractual relationships between landlord and tenant and with regard to evictions. I shall offer an amendment to strike out that section.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Chairman, I am offering an amendment which I have sent to the desk which reads as follows: On page 83, strike out lines 1 to 6, inclusive, which read as follows:

SEC. 206. (a) The first sentence of section 202 (c) (1) (A) of the Housing and Rent Act of 1947 is amended by striking out the following: "which is located in a city of less than 2,500,000 population according to the 1940 decennial census and."

(b) Section 202 (c) (1) (B) of such act is repealed.

The purpose of my amendment is to retain the present controls over residential hotels in the city of Chicago. Section 206 of this bill repeals those provisions of present rent-control legislation, which, if approved, will permit these owners to boost rents sky high, driving many tenants from their housing accommodations and adding to the already overburdened housing situation in this great city.

Let me recount briefly the issues involved in my amendment. The Housing and Rent Act of 1947 which relaxed rent controls, decontrolled hotels. The Housing Expediter then issued his rent regulations defining a hotel by stating that any hotel which was made up primarily of self-contained units was decontrolled.

The City Council of Chicago, fearing the effect of freeing entirely many housing accommodations in these hotels, apartment hotels, and so forth, recontrolled residential hotels by local ordinance under the provisions of the new act. These hotel owners then applied to the Housing Expediter for permission to raise their rates by 15 percent, as the new law permitted, calling their accommodations "apartments." Later on the Supreme Court of the State of Illinois held the local ordinance unconstitutional, which freed these owners from control entirely. Rents immediately skyrocketed and many families were evicted because of their inability to meet the exorbitant rentals demanded. Multiple-room apartments were cut up into single hotel rooms at higher rentals, giving these owners additional enormous returns.

The amendments to the Housing and Rent Act, in 1949, recontrolled these residential and apartment hotels, but at the current rental rates which were greatly in excess of those in effect in 1947. Section 206 of the committee bill now proposes to eliminate these controls.

In the hearings before the committee certain selfish interests testified there were many vacancies in residential and apartment hotels in Chicago with its population of three and one-half millions in a metropolitan area of five and one-half million souls. They quoted figures to show there was but 83.7 percent occupancy in Chicago residential hotels. They also stated that in March 1951 there was a 28 percent vacancy and in April 1951 a 32 percent vacancy in these housing accommodations, attempting to create the impression that Chicago housing accommodations were ample to meet present-day demand. These figures came from hotel men. I doubt their accuracy. However, if true, I can account for this condition because in most instances the rents were either exorbitant or the wealthy owners were following the unconscionable practice of taking the apartments off the market rather than renting them and relieving the housing shortage. They also avoided the payment of taxes on the income they would have received—this at a time when the Government is so desperately in need of money for defense.

Again, on the point of a housing shortage in Chicago, the census shows there are 1,330,000 families in the city. But there are only 1,108,000 houses for them—a shortage of over 120,000 dwelling units. Then consider that there are 173,000 homes which are in such a state of absolute disrepair and deterioration as to be virtually unlivable.

Yes, there is new construction going on, but the figures also show that this new construction is less than the demolition figure.

Add to the losses in housing, the homes in the Chicago slums which decay or burn down in the course of time. Other housing is destroyed under slum clearance and public housing developments.

In my district, for example, the necessary Congress Street superhighway and the large medical center now under construction has forced people out of their homes with little chance of resettlement. This same situation exists in other sections of Chicago. Again I cite these facts to prove that this terrific housing shortage in Chicago still exists and this so-called vacancy in residential hotels is an illusion and unreal.

I direct the attention of every Member to the statements of Tighe E. Woods, Housing Expediter, appearing in the hearings before the committee at page 1781, and page 1810, which definitely proves that during the period of decontrol, from July 1, 1947, to March 1, 1949, rents had risen substantially.

I believe I have submitted sufficient proof that residential hotels be placed under rent control to prevent further gouging of tenants and depriving them of services they are entitled to receive.

However, there is another argument which should be advanced in favor of my proposal to keep the present situation unchanged which is the effect of my amendment.

There has been going on in Chicago a most reprehensible practice of building conversions whereby five-, six-, and seven-room apartments are reduced to smaller units or converted into hotel rooms. For example, one six-room apartment renting for \$140 per month on the South Side of Chicago has been converted into one-room apartments. The owner clears \$450 to \$540 per month for the former six-room apartment. In another instance a 22-apartment building was made over into 81 apartments, and in another, an 11-apartment building was turned into a 43-room hotel, all with correspondingly increased rental returns amounting to 200, 300, and 400 percent above the former income. This is what happens when you take controls off. What has happened in conversions such as mentioned above will happen to Chicago's residential hotels if the present proposal to decontrol is enacted into law.

It is significant that the figures of vacancies in the Chicago residential hotels are based on a survey made by the hotel accounting firm of Horvath & Horvath. I seem to recall that a member of this firm named Toth managed to secure appointment to the New York City Temporary Rent Commission and the mayor of the city of New York was compelled to remove him after unconscionable rent increases in New York City's residential hotels. How can we expect otherwise from one who comes with such a record? How much credibility can be attached to testimony of such a biased and prejudiced source?

Supporting my position are such men as William Green who declared "control over rents is part and parcel of the fight against inflation."

It must be remembered that Chicago and its environs is one of our key critical

defense-manufacturing areas. For some time we have felt a labor shortage as a result of insufficient accommodations for shelter. The situation is already acute and will become increasingly critical as the defense industries go into high gear. I ask the House membership to envision the disastrous effect which will be created as a result of a relaxation of controls on residential hotels, many of which are one-room apartments which defense workers will be forced to rent.

Further, do we want a return to the distressing situation which occurred after June 30, 1947, when Congress freed from controls these same residential hotel units when we saw rents increased up to 100 percent and over?

Even the lobbyist of the Chicago Residential Hotel Association concedes an over-all increase of 24.9 percent, and we all consider his figure a very conservative one, for he is the one who, faced with the Chicago ordinance of 1947, availed himself of 15-percent leases in order to take them outside the scope of the local city ordinance. He now wants to reverse his position in order to secure further unconscionable increases resulting from decontrol.

A further argument against decontrol is that transient hotels are already decontrolled, and on these rooms there has been a tremendous increase as they were shifted from a monthly to a daily rate.

It must be remembered that when residential hotel men are weeping crocodile tears, decrying the fact they are operating at a loss, it must be remembered they had 2 years of decontrol with lush profits, and these same operators were frozen on March 1, 1949, in this advantageous profit-making position.

The rents of the rest of the country were at levels prior to those in effect in 1946. Then, too, let us remember that many of these owners obtained title to these properties by friendly foreclosures at forced sales for a few cents on the dollar during the depression era.

I, therefore, urge that you adopt my amendment which will eliminate this inequality affecting only one city in these United States—my city of Chicago.

Notwithstanding the fact that some of the Republicans promised to vote with me to eliminate this provision in the bill, I wonder whether, for once, they will keep their promises.

While on the subject of rent control, I cannot refrain from calling the attention of this House to the shocking, sordid story of rent gouging and exploitation of our service men and their families adjacent to the various service training centers throughout the country. The report of the Senate committee, following its investigation of housing in these areas is wholly unbelievable. To what low level have these grasping, greedy, unpatriotic landlords descended when they stoop to exacting such a toll from our loyal and patriotic service men and their families in the present emergency? Can we sit idly by and permit the continuance of such unspeakable treachery? Prompt and decisive action should and must be taken by the Congress to put an end to this tragic condition.

Mr. Chairman, so that every Member of this House may know what is go-

ing on, I ask to insert the article appearing in the news columns of the Chicago Sun-Times of Thursday, July 19, describing this unholy situation. The article follows:

RAPS RENT GOUGING NEAR ARMY CAMPS

WASHINGTON.—A "sordid and rotten picture of substandard housing and rent gouging" of servicemen and their families was painted Wednesday by a Senate Preparedness Subcommittee.

It was based on spot checks made by the committee's investigators at three training centers crowded with men and officers called to duty since the Korean War started. The investigators spent from 2 to 4 days in each area.

The report said servicemen are forced to pay exorbitant rents to house their families in converted garages, chicken coops, barns, tool sheds and "in one case, a house built of whisky bottles and beer cans."

The unusual report, which carried photographs of some of the housing, covered Camp Breckinridge, Ky., Camp Rucker, Ala., and Fort Leonard Wood, Mo.

The report said rent controls are supposed to operate at these centers but many landlords "openly flout the directives of rent control boards" and operate on a basis of get what you can.

FIVE-HUNDRED-PERCENT INCREASE

"Rent gouging ranges from a commonplace 100 percent up to 500 percent over rentals previously obtained for comparable quarters," the report said, and singled out these examples:

A doll house in Waverly, Ky., originally built as a playhouse for a small girl, that was rented for \$45 a month to a sergeant, his wife, three children, and mother-in-law.

A "bottle house" built of old whisky bottles, beer, and oil cans and rented to a corporal and his family of three for \$25, near Camp Breckinridge.

A "rat house" near this same camp where rats bit a 6-month-old baby three times. Her mother, wife of a sergeant, was denied use of the landlady's telephone to call her husband and the following morning the baby's hand was swollen to the size of an adult's hand. The child is under treatment at an Army dispensary.

RENTS BARRACKS

An enterprising minister rented a former CCC barracks near Morganfield, Ky., for \$25 monthly. He now rents out three apartments to soldiers at \$148 a month and so gets his own living quarters and a profit of about 500 percent.

A man built five small buildings near Camp Rucker for an estimated cost of \$2,000. He rents each for \$40 a month plus extra charge for utilities. He collects \$2,400 a year on the five that cost \$2,000.

An old, dirty and run-down hotel at Ozark, Ala., near Camp Rucker, known locally as the Firetrap, has 15 second-floor rooms occupied by servicemen's families who pay \$50 a month each. The landlord was obtaining \$9,000 a year for miserable accommodations in a building worth perhaps half that amount.

TRAILERS COSTLY

Military personnel pay \$2,500 to \$5,000 for trailer homes and then are forced to pay \$15 to \$20 monthly to park them on crowded lots where they must share inadequate utilities, such as showers and toilets.

The report explained that under present Federal rent control law much of this housing is exempt. Any structure not previously used for housing is exempt. That excluded the converted barns, garages, filling stations, sheds, and similar structures.

Any new housing built since February 1947, also is exempt from controls and the report said such rentals are, in some cases, 200 percent above fair rentals fixed by Federal officials.

Many soldiers are afraid to report gouging landlords for fear of being evicted, the report said, adding that military personnel should be informed they are protected by law against this.

ACTION SOUGHT

The report requested the Defense Department to survey the whole housing situation and ask Congress for legislation or other corrective measure necessary.

It recommended an increase of military housing, expansion of trailer camp sites at or near camps, and special priorities on materials and labor for improving existing housing.

The report defended desires of servicemen to keep their families close by while on assignment in the continental United States.

THE VITAL NEED FOR EFFECTIVE CONTROLS

Mr. Chairman, millions of Americans are deeply concerned over what is transpiring in this Congress today. The measure we are now considering, and the one we finally approve, can have a far-reaching effect on the future stability of our economy and our ability to meet the emergency we are now faced with in our efforts to contain and thwart, Communist aggression throughout the world. Masses of consumers, small-business men, wage earners and white-collar workers, the older people on pensions, and the families of our valiant servicemen have a vital stake in what we do here today. Many of these citizens have already learned the difference between happiness and misery as a result of skyrocketing prices and the resultant drain upon their available budgets for the necessities of life. And it is appreciated by many others whose wages, salaries, and the returns from their small businesses have not kept pace with rising prices. Hardest hit of all, probably, are those living on fixed incomes such as pensions and their ranks are constantly increasing.

And now, lest I forget, let me ask those who are so determined to destroy all controls, do they not willfully and deliberately ignore the fact that their policies will be directly responsible for the great depreciation in Government bonds held by the millions of thrifty Americans who have patriotically placed their savings and hard-earned cash into these securities? You must remember what happened to Liberty bonds following World War I when the financial and banking interests drove them down to 72 and then reaped enormous returns. While Government bonds today are guaranteed as to their face value in dollars, what will happen to their value when the dollar is driven down in value to 50 cents or less through the inflationary processes advocated by these powerful financial interests and big business?

We are witnessing again the spectacle of the giant corporations through their agents and lobbyists, who have infested Washington in force for months for the sole purpose of sabotaging the Defense Production Act and our entire defense program. I see the same forces at work here today who were here in 1947 advocating the repeal of all controls and of rationing. Their theme song at that time was to the effect that if all controls were repealed they would see to it that the price line was held. They filled the newspapers with full page advertise-

ments, took hours and hours of time over the radio, and deluged congressional offices with letters and telegrams guaranteeing our people that if controls were lifted they would see to it that prices would stay in line. In this campaign they spent millions of dollars to mislead the American people. But lo and behold, what happened? The ink was hardly dry on repeal legislation when prices started going up and up. And history now repeats itself, for in the last year prices have reached the highest levels in all history. It is hardly conceivable how the average family in America today can exist under the outrageously high prices now in effect. If we do not provide adequate control legislation under this bill these sinister influences will boost prices still higher, thus bringing on the complete collapse of our internal economy and reducing us to impotency in our defense efforts, while bringing about inflation whereby the dollar may not be worth more than a quarter.

A vote to eliminate or weaken present controls is a vote against our defense program. Our entire defense effort is wrapped up in the controls sections of this legislation. If we do not provide effective controls, billions of dollars appropriated for defense will be eaten up in higher prices, as testified to by General Marshall several weeks ago when he stated our defense program costs have increased by seven billions in a few months, and I am sure it has cost the masses of our people twice that much. The race between prices and wages will be an endless one. Millions of Americans will come to a rude awakening, but too late.

Let us take a look at the price picture, as shown by 1930, 1940, 1950, and May 1951 figures.

The consumer's price index has some very revealing figures to show how the consuming public has been made to pay so dearly for the necessities of life, caught in the upward surge of prices imposed by the gougers and the profiteers. The consumer's price index for 1930, 1940, 1950, and May 1951 shows these startling figures:

	1930	1940	1950	May 1951	Percent increase, 1940 to date
All items.....	117.8	100.2	170.2	185.4	85.0
Food items.....	122.3	96.6	203.1	227.4	135.4
Beef.....	99.8	102.8	209.5	308.9	200.5
Fruits and vegetables.....	103.5	96.5	209.3	221.6	129.6

The wholesale price index on commodities generally, and on the products of the farm for the same periods are also very revealing. They show very clearly that big business and the farmer have not fared too poorly in the price and profit field:

	1930	1940	1950	May 1951	Percent increase, 1940 to date
All commodities.....	86.4	78.6	157.3	182.8	132.6
Farm products.....	88.3	67.7	165.9	199.6	194.8
Grains.....	78.3	68.0	169.3	185.6	172.9

The wholesale price per pound of steers and hogs for the above years are convincing proof of why the American housewife and the American family of limited means have been bled white by the big packers and feeders in their unbounded zeal for bigger and bigger profits:

	1930	1940	1950	May 1951	Percent increase, 1940 to date
Steers.....	11.027	11.294	31.906	38.969	245.0
Hogs.....	9.938	6.051	20.241	21.556	256.2

The women of America, particularly the housewives, upon whom rests the burden of stretching the constantly vanishing elasticity of the home budget to make ends meet with these skyrocketing prices, are deeply worried over the present trend toward all-out inflation. I have a statement issued by the General Federation of Women's Clubs in which this concern is dramatically set forth, and I ask permission to insert it at this point. The statement reads as follows:

STATEMENT OF THE GENERAL FEDERATION OF WOMEN'S CLUBS REGARDING EXTENSION AND STRENGTHENING OF THE NATIONAL PRODUCTION ACT. PRESENTED BY MRS. C. D. WRIGHT, CHAIRMAN, LEGISLATION DEPARTMENT, AT HEARINGS OF THE HOUSE BANKING AND CURRENCY COMMITTEE, JUNE 5, 1951

The General Federation of Women's Clubs is an organization with an aggregate membership in the United States of some five and a half million women, of whom nearly 800,000 hold per capita paying or active membership. These women represent largely the homemakers of America who, as custodians of the family budget, are deeply concerned and alarmed by the disastrously high and steadily rising cost of living.

Just a little over 2 weeks ago, the delegates at the General Federation's 1951 convention in Houston, Tex., gave expression to this concern, especially as regards food, by adopting the following resolution:

"Whereas inflation is second only to war itself as a menace to the national economy and to individual welfare; and

"Whereas the United States now faces grave dangers of uncontrolled inflation; and

"Whereas temporizing with the situation undermines our whole economic structure as a nation and brings disastrous and unjustifiable hardship to our people; Therefore be it

"Resolved, That the General Federation of Women's Clubs, in convention assembled, May 1951, urges the Government of the United States to act with promptness and firmness in this emergency by adopting and enforcing control measures without regard to partisan, political considerations or the interests of special groups; and further

"Resolved, That the General Federation of Women's Clubs declares its conviction, despite difficulties involved, that food prices should be rolled back to those prevailing on or about November 1, 1950, and other vital consumer items to levels relatively in balance with the food prices of that date."

Ever since World War II the General Federation has consistently supported anti-inflation legislation whenever inflation threatened. In 1946, when the continuation of the Government price and wage control program was endangered, the delegates at our 1946 convention adopted the following resolution:

"Whereas in no war in history of the United States has the general public been protected so successfully from runaway prices and general serious inflation as has been the case during the war just ended; and

"Whereas the United States now faces graver dangers of uncontrolled inflation than during the war or at any time in its history: Therefore be it

"Resolved, That the General Federation of Women's Clubs in convention assembled, June 1946, supports continued Federal legislation for equitable wage ceilings and price control on basic commodities such as food, shelter, and clothing as being essential to the common good and to sustained prosperity during the period of readjustment."

And again, in 1947, as the war price control structure continued to disintegrate, our board of directors urged Congress in the following words to take action to salvage it:

"Whereas the spiraling of prices has become one of the major problems of today endangering not only the economic security of this country, but also threatening the hope of rehabilitating war ravaged sectors of the world; and

"Whereas to date there has been brought forward no serious program of a permanent nature for correcting this serious economic condition: Therefore be it

"Resolved, That the board of directors of the General Federation of Women's Clubs assembled in Washington, D. C., urges all women of this country to unite in opposition to present high prices and to refuse to make unnecessary purchases at inflationary prices; and

"Resolved further, That Congress be urged to take aggressive remedial action to prevent further spiraling of prices, to restore them to reasonable levels and to set up and enforce penalties against those responsible for unreasonable prices."

Resolutions of the General Federation remain active for 6 years, but, in order to make our stand on the present inflation unmistakable, our board of directors approved a resolution, October 1950, which reads:

"Whereas the policy of the General Federation of Women's Clubs is clear and is definitely defined by resolutions still in force on the subject of spiraling prices, wage controls, price ceilings, selective service and military training; and

"Whereas the principles contained in these resolutions are equally applicable to the present emergency: Therefore be it

"Resolved by the board of directors of the General Federation of Women's Clubs in meeting assembled in October 1950, That such resolutions shall be used by the officials of the organization as authority for advocating and supporting action."

In view of the General Federation's consistent support since 1946, of anti-inflation legislation and because rising prices and delayed application of effective price controls are not only causing real hardship to our people, but constitute a grave threat to the success of our entire defense program, the General Federation of Women's Clubs respectfully urges your committee to speedily approve feasible and equitable legislation necessary to halt inflation.

Inflation is our No. 1 enemy at home. The present cost of living—the highest in our history—is adversely affecting the people's confidence in government and, if allowed to continue, will undermine our economy and weaken our leadership throughout the world. It can and must be controlled—in the interest of our own people, in the interest of our allies whose economic efforts depend upon stability in American prices—and in the interest of victory in the world-wide struggle in which all freedom-loving peoples are inescapably involved.

Now let me call your attention to the profits of some of these big business corporations who are spending millions in the fight to weaken or destroy controls. Here are some very amazing figures showing how they are "suffering" as a

result of the limited controls now in effect:

These are 1950 net incomes:

General Motors Corp.	\$834, 044, 039
Standard Oil, New Jersey	408, 223, 223
American Telephone & Telegraph Co.	346, 962, 051
E. I. du Pont de Nemours & Co.	307, 601, 913
Metropolitan Life Insurance Co.	279, 892, 642
Prudential Insurance Co.	224, 455, 046
United States Steel Corp.	215, 464, 142
Gen Electric Co.	173, 423, 702
Equitable Life Insurance Society	157, 834, 941
Standard Oil Co. of California	150, 804, 105
Texas Co.	149, 071, 743
Sears, Roebuck & Co.	143, 654, 981
Socony-Vacuum Oil Co.	123, 216, 633
Chrysler Corp.	127, 876, 791
Union Carbide & Carbon Corp.	124, 111, 851
Standard Oil Co. Indiana	123, 581, 477
Bethlehem Steel Co.	122, 976, 071
Gulf Oil Corp.	111, 139, 605

These are just a few. The list is a very imposing one. Significant also is the fact that the earnings of 617 corporations for the first quarter of 1951 show the staggering total of earnings of \$1,-733,132,675.

Mr. Chairman, no one can accuse Mr. Charles W. Wilson of being socialistic or of opposing free enterprise in these United States. His name has been linked with big business these many years. His words relating to this legislation are worthy of real recognition when he says:

All my life I have believed in the doctrine of free enterprise, and that means that I am opposed to a controlled economy. But the principles of a free economy were designed for times of peace. It has always been necessary in times of war, with the unnatural interferences in the exchange of goods, to resort to governmental control. That's why I am compelled to favor a strong Defense Production Act.

These were not the words of a so-called bureaucrat or Fair Dealer; they were the pronouncement of one with years of connection and association with big business. Those who are not prone to listen to the pleadings of the leaders of the American Federation of Labor, the CIO and the Railway Brotherhoods, who speak not only for the organized workers of our land but the unorganized as well, should surely take heed of what Mr. Wilson has to say.

I state with all the earnestness at my command that those who are treading the perilous path of weakening the control program might well give serious thought and attention to Mr. Wilson's statement quoted above. If this is done, the eagerness to junk the controls program and let nature take its course will disappear before the final votes are taken on this vital legislation.

In the hope of bringing home to the House membership the plea of the leaders of labor for a strong and adequate controls measure, at their suggestion I called an informal meeting of House Members for Wednesday, July 11, which was addressed by Mr. William Green, president of the A. F. of L.; Mr. James Carey, secretary of the CIO; and Mr. Anderson of the Railway Labor Executive Association. In addition, Mr. Charles Wilson, Director of Defense

Mobilization, also spoke. In haste I omitted the names of some Members in sending out the notices of the meeting, while others received their notices too late to attend. Consequently I sent out a follow-up letter last Monday to those who failed to receive my invitation or did not attend which I wish to insert at this point:

JULY 16, 1951.

DEAR COLLEAGUE: Last Wednesday I was importuned to arrange for an informal meeting of the House membership by officials of the A. F. of L., the CIO, and the Railway Labor Executive Association to permit these leaders of labor to express labor's position on the bill to extend the Defense Production Act. They were apprehensive over the campaign by the powerful lobbies to weaken the act.

I hastily called such a meeting, but I greatly regret that some Members—and you might have been one of them—did not receive my letter in time, or might have been overlooked.

May I call your attention to the statements made at this meeting by Mr. William Green, president of the A. F. of L. and Mr. James Carey of the CIO appearing in the RECORD of July 12 on pages A4518 and A4522; and the summary of the remarks of Mr. Charles E. Wilson, Defense Mobilization Director, who also appeared at the meeting, as set forth on page A4542 of the RECORD of July 13.

Some Members claim they have not heard from many of their constituents pleading for effective controls. Personally, I have received a great number of letters, telegrams and telephone calls from small-business men and consumers in my district and throughout the country pleading for relief from sky-rocketing prices and the increased cost of living.

I am sure you will find the above statements of real interest in the present consideration of this important legislation.

Sincerely yours,

A. J. SABATH.

If our present plans to build up our might and to aid the free nations of the world to better prepare themselves for their defense in the next few years, at a cost to us of \$50,000,000,000 a year, is to be successful, it is imperative we do so without wrecking our economy by permitting inflation to run rampant throughout our land. If this should occur, Stalin and communism will have won a mighty victory without the firing of a single shot. We all know what communism thrives on. The fate of a number of small nations is mute testimony to Stalin's sly maneuverings; he thrives on conquest through the process of inflation and squandered economic strength. The only way Stalin will succeed against us is to encourage us to beat ourselves. The impending inflation without strong controls can readily accomplish his purposes.

The finest editorial I have seen on this subject of inflation was written by Mr. Leo A. Lerner, an editor of small newspapers in my city of Chicago, who recently won the Herrick award of the National Editorial Association. It follows:

THE FIRST COLUMN

(By Leo A. Lerner)

THE COUNTRY COMES FIRST

This is one of those times in our economic history when a large number of people are worried about inflation and some people are worried about deflation.

The strangest thing of all is that it is possible to have them both at the same time. As the costs of labor, raw materials, and services keep on creeping up, and the cost of living increases, an almost involuntary sales resistance begins to develop on the part of families and firms trying to save enough money to keep solvent.

Since inflation causes deflation and may eventually lead to serious economic depression and military weakness, President Truman is no doubt right about concentrating his national program on fighting inflation.

The cost of living and the cost of doing business must be held down by all of the democratic devices at the Government's command, and Congress must give the executive branch enough power to hold the price reins.

It is a strange phenomenon of the times that tens of thousands of emotionally charged people wrote Congress about General MacArthur, but very few are writing to Congress to hold the price lines even though a run-away inflation would practically deliver the country into the hands of the Communists.

If Congress fails to give the President anti-inflation power and if the President fails to enforce this power, if and when he gets it, this country may go the way of Europe after the First World War, when money became worthless, people starved and suffered, and the political repercussions included another world war and the triumph of nazism.

President Truman is in quite a pickle when it comes to fighting inflation because Congress is reluctant to give him the weapons.

Even if he gets the weapons he runs into resistance from special-interest groups like the meat industry which is trying to break the back of price controls by withholding meat from the retail market.

The meat interests throw a flock of figures and phony alibis, but the simple facts are that they think they can create a demand by withholding a supply. They tamper with the law of supply and demand and then accuse the Government of abrogating it.

Mike DiSalle faced an angry crowd of cattle raisers at the Saddle and Sirloin Club last Thursday and told them straight out that they like price support when it favored them, but that they squawked about price controls when it favored the public.

He couldn't have been more right, but all he got for his pains was a roar of defiance.

But the cattle and meat people are human and no different, really, from the other groups who want to protect themselves.

The doctors are scared of Federal health insurance because they think they won't make the money that they earn now if we have it and certain real-estate interests have been fighting for years to kill rent ceilings so that they can get the most out of public demand for the small housing supply.

All people or firms who own things that are in demand want to get the most for them. Mike DiSalle told the cattle raisers that the country should come first, but each man and each industry is out for itself. I am for profits, too, but in a complicated society we have to work together to keep them safe. This is basic conservatism.

The cattlemen wrapped themselves in the Stars and Stripes, crying out that the law of supply and demand has always been the best thing in the good old United States of America, forgetting completely that when there was little demand, Congressmen forced the good old United States of America to maintain prices. The public gets hit both ways, and doesn't seem to show any fight.

The administration will have a great battle to maintain a balanced economy in view of defense expenditures and the resistance of all the selfish interests, but the battle against inflation can be won if the people will cooperate.

It takes a pretty intelligent citizen to keep himself and his country on an even keel nowadays. The test of the whole anti-inflation program will be the courage, brains, and patriotism of the individual citizen.

Mr. Chairman, we are now approaching the period when inflation safeguards will receive their sternest test. Defense production orders will soon reach their peak, resulting in far lessened civilian production. Demands for civilian goods will increase and the pressures will be on. In addition, the cost of defense material and equipment will continue to rise. What motive can there be in building America up to its might while going bankrupt in the process?

As I have stated before, the American people know what is going on even though they do not have powerful lobbies to intercede for them on Capitol Hill. They are not quibbling over this bill providing for their security. They stand ready to make all necessary sacrifices. They may not like controls in normal times, but they are wholeheartedly in favor of controls to insure the safety of the Nation. There must be equality of sacrifice. It is a crying shame to place the great bulk of this burden on the working people and the consumers of the Nation. Wars will never cease nor will the peace our people so earnestly seek, as well as the freedom-loving peoples throughout the world, ever become a reality until the profit motive and the pressures of these special and privileged groups are completely eliminated.

Mr. Chairman, I want to repeat that I am firmly convinced the American people agree that so long as the Soviet Union and her leaders in the conquered small nations continue to threaten free people everywhere, American and the democratic nations must continue to strengthen themselves militarily and economically. A truce in Korea does not justify any let-down in our defense program or in the campaign against inflation. There is no justification whatever for higher prices now. Yet the lobbyists for these profiteers are exploiting to the fullest extent the possibility of such a truce. The belief in some quarters on the Hill that the American people "just do not care" has spurred these special-interest lobbies into an all-out drive to weaken or destroy all controls. I cannot conceive of this House going along on such a dangerous course.

In conclusion, Mr. Chairman, I cannot urge too strongly upon the membership of this House, having witnessed these recurring struggles for the preservation of our greatness and our might for almost half a century on this floor, that you weigh very carefully the dangerous possibilities of the program advanced by these special and greedy interests who are bent on sabotaging our vital defense program; that you give particular thought and study to the vital interest of the thousands upon thousands of individual citizens in your home districts, the very backbone of our Nation, and finally, to the welfare of our Nation as a whole in preserving and perpetuating our eminent position as the leader of world democracy by giving to our Presi-

dent a sound, sane, effective control law to meet the grave emergency with which we are confronted. Inflation, with all its horrors, must be stopped. It can only be defeated by the institution of strong controls. Those who vote against such effective controls which are in the interest of the consumers, wage earners, persons of fixed incomes, pensioners and veterans—those who cast their lot with the grasping special privilege and profiteering groups—will certainly be held to account by their constituencies in the next election.

(Mr. SABATH asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. Bowl].

Mr. BOW. Mr. Chairman, the amendment I have offered reserves to the States the right to regulate the flow and distribution of natural gas in those States which have been regulating it since 1946 up to the present time. Many States are exercising that authority now. This amendment would provide that in those States in which the regulatory bodies are acting, and certify to the President that they are so acting, they will be permitted to continue.

Mr. BROWN of Georgia. If the gentleman will yield, I think the amendment is necessary at this time, and I understand the chairman will accept it.

PRESENT CONTROL OF THE GAS SITUATION

With the very rapid increase in the demand for natural gas for both residential heating and industrial uses, shortages in the deliveries of this fuel developed starting in the winter of 1946-47. These shortages were not due to shortages in the supply of gas itself—actually each year since World War II the proven gas reserves have increased due to new discoveries and in spite of the rapidly increasing annual usage. The shortages were due to the inability of transmission facilities to keep up with the delivery demands and these shortages were primarily felt in the middle western and eastern areas.

Tremendous financial investments in long-distance pipeline transmission facilities to meet this increased demand were authorized by the Federal Power Commission who also controlled the allocation of gas to each of the gas distribution companies. However, this expansion could not keep pace with the demand, and as shortages in gas developed, various State public utilities commission, in the public interest, found it necessary to ask the various gas utilities under their jurisdiction to discontinue supplying new residential gas heating to customers and taking on new commercial and industrial loads—until additional supplies of gas could be delivered to their areas. This action was first taken in Detroit and Chicago, and rapidly spread to other midwestern areas during the winter of 1946-47.

As pipelines were completed and additional supplies of gas became available, such restrictions were either removed entirely or certain numbers of approval were granted under application systems

by the various utilities. Actually during the past 5 years, much of the midwestern and eastern areas have been under varying degrees of gas heating restrictions or limitations.

For example, gas-heating restrictions at the present time are in effect in the following areas:

Completely restricted: Chicago, most of Illinois; St. Louis, eastern Missouri; Indianapolis, most of Indiana; central and southern Ohio; eastern up-State New York; many New England areas; Detroit, all of Michigan; Carolinas, part of Georgia, Florida.

Limited applications: Cleveland, northeastern Ohio; Philadelphia, eastern Pennsylvania; Boston, parts of New England; New Jersey; Minneapolis, most of Minnesota; Omaha, most of Iowa and Nebraska; Kansas City, eastern Kansas; Pittsburgh, western Pennsylvania.

In granting permission for financing a new pipeline transmission system and a certificate of necessity for its construction, the Federal Power Commission not only makes sure that sufficient gas supplies and gathering facilities are available for a 20-year period or longer but also determines the allocations and the rates to the various gas utilities along the transmission line. The various State commissions, in cooperation with the distributing utilities, control the utilization of this gas and by means of restrictions, when necessary, prevent an oversold condition and a gas-shortage situation.

This procedure has been working successfully for the past 5 years. Nothing would be accomplished by the control of gas on the part of the PAD that is not now being accomplished by the State commissions and the Federal Power Commission. These bodies have had years of successful jurisdiction over the supply and distribution of gas. To change this situation and put the authority for the allocation of natural gas in the hands of PAD would merely add more red tape and create more expense and inflexibility at a time when it is important that this vital natural resource be handled in the most efficient way possible. If further control or restrictions are needed, the present control system is adequate to handle the situation.

(Mr. EBERHARTER asked and was given permission to extend his remarks at this point in the Record.)

Mr. EBERHARTER. Mr. Chairman, I heartily commend the gentleman from Ohio [Mr. Bowl] for introducing an amendment which I deem to be most worthy and entitled to the whole-hearted support of all Members of the House. I know that in many areas of the country and in many industries severe hardship would follow the promulgation of any order limiting the use of gas or the installation of new gas inlets and appliances in new or old construction.

(Mr. SPRINGER asked and was given permission to extend his remarks at this point in the Record.)

Mr. SPRINGER. Mr. Chairman, there is no question at all but that the regulatory bodies of the respective States have jurisdiction over distribution of gas. They have been doing an adequate job

in making gas available to the people as well as for defense purposes. There is no reason whatever to now transfer this authority to the Interior Department.

This is merely a subterfuge to place this power in the Department of Interior and to take it away from the respective State utility commissions. Nowhere, as far as I have been able to find, has there been any contention on the part of this Government that the State utility commissions have not made it possible for defense to have an adequate supply of gas. The Department of Interior, which is charged with this job, has likewise made no contention that the respective States have been in any way remiss of their duties as far as the defense program is concerned in making gas generally available.

In my opinion this is one of the most open and vicious grabs that has been attempted in this Defense Production Act—to transfer power from the States to the Federal Government. Most of you can probably be the judge but in Illinois our State commerce commission, under either the Democrat or Republican administrations, has done an excellent job wherever gas and the natural resources of the State have been involved. This is a power that should remain with the State, where the people locally may make a complaint in their State capital in order to have their particular situations remedied. If this amendment does not pass it means that you are going to have this power concentrated in the Department of the Interior to the detriment of the people in your respective States.

For those who want to see that power remain concentrated in the Federal Government or willing to transfer that power from the State commerce commissions to the Federal Government should vote against this amendment. For those who want the power of regulatory gas to remain with the States should vote for the amendment. This amendment will keep the regulation of your gas supply in your States, where it does belong, with your State utility commissions.

The Department of Interior contends that the Defense Production Act of 1950 places the responsibility upon it to regulate the supply of gas at this time. In my opinion, this is a joker which was slipped into the 1950 Defense Production Act. Only now are you seeing an attempt made to use that power which I will wager that none of you knew until now was even in the Defense Production Act of 1950.

Let me make this doubly clear, and it is not even disputed by the Interior Department's Petroleum Administration for Defense. There is no shortage of gas. That is not in dispute by anyone. There is more than an adequate supply of gas for defense purposes and for civilian consumption. The only matter involved is the proper distribution of that gas. In my State we have had some complaints because we have not been able to get the pipe to distribute the gas in the communities where we would like to have more gas. The Department of Interior does not in any way intend to cure that

defect. Instead, it intends to make it worse, because it is not going to make available the gas pipe necessary to distribute the gas in the more remote areas. Another matter connected with this has been the great curtailment of manufactured-gas installations. There is no shortage in the supply of gas heating equipment. There is a great surplus. Now most of those people are cutting back because of this intended order of the Department of Interior to curtail gas distribution.

I am placing in the RECORD a letter from the Mueller Co. in my district at Decatur, Ill., one of the large businesses in this country manufacturing gas heating distribution systems. This company has been running for the last 6 months under very great difficulties.

Last week this company was forced to reduce its manpower by 125 people. If this proposed gas restriction order goes ahead there will be another substantial drop in employment. I think you will find this a similar situation in a great many industrial areas where this type of equipment is either manufactured or sold over the counter.

As I said the latter is only incidental to the real purpose of this amendment. However I do think we are all interested in seeing as many of our people employed as possible. For your information let me read the letter as follows:

MUELLER CO.,
Decatur, Ill., July 17, 1951.

HON. WILLIAM L. SPRINGER,
Representative, Twenty-second District of Illinois, House Office Building, Washington, D. C.

DEAR MR. SPRINGER: A substantial portion of this company's product goes into gas distribution systems. Any curtailment or expansion in the gas industry as a whole is reflected in our volume. Beginning about 90 days ago, there was a definite leveling off, and in more recent weeks, an actual decline in our sales. This probably is a fairly general condition and doubtless we are one of many who find themselves in the same position.

It has not been possible to fill in this gap with defense business. An intensive effort in that direction, extending back more than 6 months, has not met with success. This too, we understand represents a fairly general situation; so that general observations about defense orders taking up the slack in civilian business are, to a certain extent, misleading and even illusory.

Last week, feeling that we have kept production in advance of sales, as long, and even longer than business prudence indicates, we were compelled to make a reduction in force of approximately 125 people, which is almost 15 percent of our working force. If the proposed gas restriction order becomes effective, we consider that a further immediate and substantial drop in volume is unavoidable with a consequent reduction in force, and unemployment.

This company does not ask any special concessions or unusual consideration. Fairness prompts us to realize that this proposed restriction order may prove to be necessary. However, we certainly feel that the impact not only on our own affairs but on many other concerns requires a most careful study and consideration before such a drastic remedy is invoked.

Thanking you for your consideration, I remain

Sincerely yours,
ALBERT G. WEBBER, JR.,
President, Mueller Co.

If you do not pass this amendment and you leave section 704 of the Defense Production Act the same, I will wager to you that this will transfer forever from the States to the Federal Government the power to regulate gas in this country. In my opinion it will never be returned to the States. I have seen these powers go from the States to the Federal Government during the past several years. Very few of those powers have ever found their way back to the States.

If there was any thought that the State regulatory bodies were not doing their job either for defense or civilian consumption, I would not be in the well of this House at this time. Your local regulatory bodies and State commerce commissions are doing a good job. I think it is our duty to back them up as long as they do that kind of a job.

This amendment has my support and I feel that the future welfare of you and the respective States demands that you also give it your vote.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

[Mr. AUGUST H. ANDRESEN addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. CLEMENTE].

Mr. CLEMENTE. Mr. Chairman, I hope the Rent Control Act will be extended to protect servicemen who are forced by call of duty to live in camp or nearby areas and can only find decontrolled substandard housing because at the present time many members of the Armed Forces and their families have been shamelessly victimized at the hands of people whose lives and property these men are dedicated to defend. They live in chicken coops, garages, sheds, shacks, and hovels; in filth and squalor with no heat, no running water, and disgusting sanitary conditions. They are being charged as high as three or four or five times as much rent as the places are worth.

These are disgraceful conditions that servicemen should not be forced to endure.

These conditions gravely affect our fighting men's morale which is the heart of our national security.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. Mr. Chairman, the way this bill is drawn one must vote for rent control if he desires to vote for the bill even though he had been opposed to such control since the last war. In my district several cities have decontrolled rents. If I understand this bill correctly, the action of the governing bodies of those cities will be nullified and they will have to act all over again.

I would vote against extension of rent control if this question would be offered separately. It makes its own problems, no one is dumb enough to build houses for rent while the threat of rent control hangs over them. Several cities in my district have decontrolled rents including the city of Pontiac, Mich., a city

of 80,000 people, and there have been practically no complaints against rent gouging, or very few. Pontiac is an industrial city. Los Angeles, Calif., decontrolled rents—a city of 2,000,000 people. The average increase in rent was 6 percent. This nullifies the claim of Tighe Woods, Housing Expediter, that economic distress and chaos would result if rents were decontrolled.

The CHAIRMAN. Without objection, all Members speaking under this limitation of time may extend and revise their remarks.

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. KEATING].

Mr. KEATING. Mr. Chairman, the amendment I shall offer at the appropriate time is very simple and should not evoke controversy. It amends section 109 of the bill by adding a subsection designed to amend section 709 of the Defense Production Act of 1950 by deleting the words "industry representatives including trade associations" from that section and inserting in lieu thereof the words "a representative advisory committee appointed pursuant to this act."

As the Defense Production Act is presently constituted, it authorizes the establishment of advisory committees under sections 701 and 404. These committees are formed for the specific purpose of assisting the President and those to whom his power has been delegated in carrying out the complicated and responsible functions imposed by this act. However, section 709 of the act requires that the issuance of any administrative order or regulation under the statute be accompanied by a statement that in the formulation thereof there has been consultation with industry representatives including representatives of trade associations. What this section as presently written does is to make it mandatory that a trade association representative be consulted before any order or regulation may be promulgated by the President or his administrators.

It seems more appropriate to make mandatory requirement of consultation with industry refer to the industry advisory committees which must be representative of the entire industry under section 701 of the statute and to leave the matter of consultation with particular segments of the industry, whether companies, trade associations, or other groups, to the discretion of the officials responsible for the promulgation of the regulation.

This proposed amendment abrogates the requirement that trade association representatives be consulted before the issuance of orders and regulations. Instead, it requires that advisory committees, which usually contain members of trade associations, be consulted prior to the promulgation of such orders. I think that this amendment furthers the objectives of the act inasmuch as it provides explicitly for the employment and consultation of advisory committees in running the mobilization program. In addition, it abolishes the questionable

practices of making it mandatory that any particular group rather than a representative group be consulted before issuing any order or regulation.

The NPA, OPS, or any other agency, can consult with trade association representatives at any time, should they actually desire information. This proposal merely lifts the statutory requirement that such consultation be had.

This amendment has been considered by the Subcommittee on the Study of Monopoly Power of the Committee on the Judiciary. That subcommittee has been conducting extensive hearings on various phases of the mobilization program. It is upon the unanimous authority and request of that subcommittee that I am submitting this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Maryland [Mr. SASSCER].

Mr. SASSCER. Mr. Chairman, there is an amendment I have at the Clerk's desk which has been submitted to the committee. The chairman of the committee, the gentleman from Kentucky [Mr. SPENCE], and the ranking minority member, the gentleman from Michigan [Mr. WOLCOTT], have accepted it. It relates to the rents in the town of Greenbelt. Its purpose is to keep the Government in a consistent position as landlord and not to permit it as landlord, since the rent freeze, through a series of rent increases, including the pending proposal of 15 percent, to effect an aggregate raise on its tenants of approximately 139 percent during that period. The permitted increases on controlled rents are 20 percent over the same period.

This amendment in no way further cripples the effort of this bill to halt inflation, but merely removes a ridiculous inconsistency.

In an effort to prevent previous increases the officials of Greenbelt went to court but it was held that rent control did not apply in Greenbelt.

I urge the adoption of the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. KENNEDY].

Mr. KENNEDY. Mr. Chairman, the committee amendment authorizing a 20-percent rent increase above the 1947 maximum rent had as a basis for their action the Labor Department's estimate that the average person pays only 11 percent of his income for rent.

That estimate is fallacious, and the more reliable Census Bureau figure shows that the average family with income of between \$100 to \$10,000 a year pays 18 percent of its income for rent.

Indeed, Census figures also show that families with incomes between \$100 and \$1,000 a year pay 56 percent of that income for rent; those with incomes between \$2,000 and \$3,000 per year pay 26 percent of it for rent.

The 20-percent increase in rents above 1947 maximum rents provided for in this bill, although seeming reasonable, would but add to the burden of those Americans already most heavily burdened by the present high cost of living—the lower- and middle-income rent payers.

In my own native city of Boston, for example, the Bureau of Labor Statistics says the average rent increase from 1941 until this year amounts to 25.7 percent. The average percentage increase in 34 large cities in the country amounts to 28.7 percent, the Bureau of Labor Statistics also tells us.

What harm, then, say the proponents of this bill's 20 percent authorized increase over 1947 rents, can be done to the rent payers of the Nation if the average increase is already above 20 percent. The bill provides, they say, that any rent which has already been increased by 20 percent since 1947 will not be affected.

In checking into the statistics given by the Bureau of Labor Statistics, however, I have found these to be the facts in Boston—and housing officials have assured me that Boston is typical of the other large metropolitan cities in the country.

There are approximately 250,000 rental units out of a total of 415,000 dwelling units in the Boston area. Of these 250,000, about 25,000 were never under rent control. Of the remaining 225,000 units, about 100,000 signed the 15-percent rent-increase lease authorized a couple of years ago by the Congress. Some 40,000 individual rent-increase adjustments have been made.

The only general increase that has been granted in Boston since 1947 was an 8 percent general tax-increase allowance.

Thus, it is apparent that, taking duplication of those landlords receiving the 15-percent-increase leases and those who have received individual adjustments into consideration, upward of half of Boston's controlled rent payers have been increased only the 8 percent granted in the general tax increase.

Therefore, about 100,000 Boston tenants will, if the bill's rent-control provisions stand, have their rent increase by 12 percent.

Other large cities in the country will be similarly or worse hit.

In Philadelphia, of about 215,000 rental units under rent control, there have been about 90,000 15-percent-increase leases signed and 30,000 individual adjustments. There has been no general increase granted. Thus, upward of 100,000 rental units there will be liable for a full 20-percent increase.

In St. Louis, of about 158,000 units under control, approximately 66,000 will be liable to the 20-percent raise.

In Chicago about 200,000 rental units, of approximately 700,000 units under control, will be liable to a 20-percent increase.

Just last night the papers here in Washington showed what other big cities can expect. The new rent-control law for the District allows for the 20-percent increase just as this committee bill provides.

Yesterday the rent-control offices were flooded with applications for rent increases by landlords.

The District Rent Administrator estimated that of the approximate 100,000 rental units in the District, between 75,000 and 100,000 would be increased.

The average rent increase will be, he figures, between 10 percent and 12 percent.

These increases will not affect people of sizable incomes who live in swanky Washington apartments. Predominantly, according to the District Rent Administrator, the lower-rent units—occupied by people of low income—will be affected by the largest raises.

Last fall, in my State of Massachusetts, as in many others, there were local referendums on rent control.

In 244 cities and towns of Massachusetts the people voted overwhelmingly, except for a couple of small towns, for continued Federal rent control.

My amendment would cut the authorized increase from 20 percent to 10 percent. I believe such an amendment would be fair to tenants and to those landlords who have not had any previous increases.

The CHAIRMAN. The Chair recognizes the gentleman from Florida [Mr. SIKES].

Mr. SIKES. Mr. Chairman, an amendment to H. R. 3871 was offered on the floor and adopted by the House of Representatives on July 10, 1951. This amendment adds to the Defense Production Act a new section 104. The proposed section reads as follows:

SEC. 104. The President shall establish a single central agency to serve as a claimant to present the construction and supply needs of State and local governments and their tax-supported agencies.

Since the adoption of this amendment to H. R. 3871, I have ascertained that the amendment is strenuously opposed by school and hospital authorities throughout the Nation and action protesting the amendment has been taken by the National Education Association—NEA—and the American Hospital Association—AHA.

Defense Production Administration Order 1, dated May 24, 1951, designated the Federal Security Agency as the claimant agency with respect to "(a) all school and library construction; (b) all hospital and health-facility construction other than Veterans' Administration and military hospitals; and (c) the domestic distribution of all supplies and equipment needed in the fields of health—including sanitation—education, welfare, recreation, and related activities." This order is implemented by National Production Authority Delegation 14 as amended, dated July 11, 1951, designating seven claimant agencies to administer construction controls, of which the Federal Security Agency is one.

Schools and hospital authorities are accustomed to dealing with the Office of Education and Public Health Service, and it is my firm belief that it is their desire that the Office of Education and the Public Health Service continue to be their point of contact with respect to construction controls and allocations of critical materials.

While it is true that some State purchasing agents and city and county purchasing agents through the National Institute of Governmental Purchasing have

expressed a desire for the enactment of this amendment, a majority of the school and hospital supplies and equipment procured throughout the country are not purchased by this group. Furthermore, this amendment would divide the claimant agency responsibility because the Office of Education and Public Health Service now provide service for nonprofit educational and health institutions, and would continue to do so. A split responsibility would not be practical or feasible.

This amendment was introduced with supporting statements that State and local governmental purchasing agents had to contact some 19 claimant agencies in the presentation of their problems. Actually, it is not true that that large a number of claimant agencies need to be contacted by State and local governmental purchasing agents since many of the present claimant agencies operate in a field which is of no direct concern to such purchasing agents.

In establishing the new emergency control agencies, the President has specifically requested that the services of other Government agencies be utilized wherever possible. The Defense Production Administration and the National Production Authority strongly oppose this amendment because they utilize the services of existing Government agencies which are versed in their specific fields and because it is more economical to rely on existing Government agencies to perform claimant functions.

Furthermore, school and hospital authorities vigorously object to the amendment. At the proper time I shall ask for a separate vote on this amendment and I hope that the House will see fit to reject it.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. KEOGH].

Mr. KEOGH. Mr. Chairman, the purpose of the amendment which I intend to offer is to extend to the parents of deceased members of the armed services the same preference for quarters in public housing projects as veterans now have. I think it is a reasonable amendment and I trust the committee will adopt it.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. McGRATH].

Mr. McGRATH. Mr. Chairman, for 2 weeks we have listened with attention to the various problems of the farm and other groups. I respectfully submit that in 30 seconds no one can do justice to this most important question of rent control. I think the people of our metropolitan districts should have been given a greater period of time and I compliment the distinguished Republican gentleman from Michigan [Mr. WOLCOTT] for his technique in limiting us and depriving us of our day in court.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. McDONOUGH].

Mr. McDONOUGH. Mr. Chairman, to continue where the gentleman from Michigan [Mr. DONDERO] left off, and in order to give you some continuity in this whole discussion, the gentleman said

that in his city they would have rent control imposed if there was no amendment to this bill.

The amendment I have offered will provide the right for the local governing body to determine whether rent control shall be imposed or not after it is declared a critical defense area by the Defense Secretary and the Defense Mobilizer.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Chairman, I believe continued rent for the country to be urgently required even though we have our own rent-control law in New York. It represents 20 percent or more of the moderate-income family's budget and runaway rents if permitted are a decisive and material way to damaging inflation.

I might say, too, while we are on the subject that it is indeed regrettable that there is not incorporated here a title for defense housing a vital part of the defense mobilization effort.

But rent control, too, must be fair and the 120 percent provision in this bill is not based on hardship or any of the standards heretofore contained in this law; it is across-the-board increase and therefore should not prevail.

Though I am opposed to this 120 percent rent increase, it should at least have added to it the provision we have in the 1947 act which guarantees that a tenant has services to which he was entitled from the maximum rent date and I will offer such an amendment if necessary.

Mr. Chairman, I wish to ask the gentleman from Virginia this question: Does the provision for maintenance of services in section 204 (n) as amended by the bill on page 78, line 12, mean services which were maintained as of the applicable maximum rent date?

Mr. BURTON. The interest is that services rendered are to be as of the maximum rent date. It is so provided.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. YATES].

Mr. YATES. Mr. Chairman, I urge support of the amendment which will be offered by the gentleman from Illinois, Congressman SABATH, to continue rent control on permanent accommodations in apartment hotels. The committee has proposed to strike such controls, an action which is completely unwarranted and indefensible if the committee intends, as it says it does, to check inflation. If rent controls are removed, in my opinion, rentals will soar as they did when controls were taken off for a brief period in 1947.

The committee could not have known what it was doing when it approved decontrol. These are not ordinary hotels occupied by transients. These hotels are no different than apartment buildings. The only difference is that certain services such as linen supply, switchboard-telephone service, and other such services are offered but, fundamentally, the character of the tenancy is as permanent as that in any ordinary apartment

or house. If rent control is necessary to protect against inflationary rises for tenants of apartments, they are just as necessary for those living in apartment hotels.

Nor is the impression correct that only wealthy people live in apartment hotels. It is true that there are some who enjoy luxury accommodations, but that is so with respect to tenants of apartments as well. There are many expensive apartments under control. The fact is that there are many of modest incomes who call these apartment hotels home. I know of many people with fixed incomes—school teachers, pensioners, annuitants, stenographers, telephone operators, newly weds, who will be in difficult circumstances if their rents are increased unreasonably. Where will they go? Housing in the city of Chicago is in critically short supply. There are no unfurnished apartments within their incomes where they can move. The apartments now building along Lake Shore Drive offer no answer for them. The rentals are much too high.

There is supposed to be a high vacancy factor in apartment hotels and the claim is made, therefore, that such controls are no longer needed. The committee apparently forgot that 15 percent of apartment-hotel accommodations are transient sleeping rooms. The testimony presented by opponents of rent control showed only the over-all vacancy factor; it did not break it down by permanent accommodations and sleeping rooms. As a matter of fact, there is less than a 1-percent vacancy factor for permanent accommodations in apartment hotels.

A survey of vacancies in a representative group of hotels in Chicago was conducted by the Office of the Housing Expediter during the period December 18, 1950, to January 3, 1951. The sample consisted of 100 hotels containing 11,463 rental dwelling units of which 8,837 were subject to rent control and the remaining 2,626 were not subject to rent control.

Summary of vacancies

	Number of units	Number of vacancies	Vacancy rate
Controlled units.....	8,837	426	4.8
Uncontrolled units.....	2,626	586	22.3
All units.....	11,463	1,012	8.8

Of the 426 vacancies in controlled units, 139 or about one-third of the total were in 6 establishments and 242 or about 57 percent of them were in 15 of the 100 hotels surveyed.

In 22 hotels having 254 of the 426 vacancies in controlled units, a comparison was made between the maximum rents on March 1, 1942—the original maximum rent date—and March 1, 1949—the date of recontrol. The rents for these 254 vacant units were found to have risen an average of 80.7 percent during the period of decontrol.

The number of vacancies in controlled units was relatively small. Moreover, most of the vacancies were in the smaller-sized units with 79.6 percent in 1-room units and an additional 13.6 percent in 2-room units.

The bulk of the controlled vacancies were in 1-room units without kitchen facilities, that is, in sleeping rooms. It was possible to obtain the specific unit identification of 218 of the vacant controlled 1-room units. A check of these units showed that 192 of them, or 88 percent, were sleeping rooms without any cooking facilities.

Here are some illustrations of what has happened to rents in specific hotels. The Winthrop Terrace has a total of 114 units of which 70 are under control. In this hotel the survey found 8 vacant controlled units. The average monthly rent for these units in March 1942 was \$46.56. By March 1, 1949, when these units were brought back under control, the average rent had increased to \$92.50, an increase of 99 percent. The Bryn Mawr has a total of 231 units of which 135 are under control. The survey found 17 vacant controlled units in the Bryn Mawr. The average rent for these 17 units in March 1942 was \$69.18. By March 1, 1949, when the units were recontrolled, the average rent had risen to \$130.94, an increase of 89 percent.

Mr. Chairman, this is serious business. It concerns almost 100,000 people in the city of Chicago alone. It is unthinkable that the committee and this Congress would not continue the controls which are essential for their protection. It is unthinkable that controls of this type should be removed in a bill described as one to check inflation. I urge as strongly as I can that the Sabbath amendment to continue controls on apartment hotels be adopted.

(Mr. GREEN asked and was given permission to extend his remarks at this point.)

Mr. GREEN. Mr. Chairman, if we continue on the course we have been going, this CONGRESSIONAL RECORD may be known in history as the Book of the Dead.

Great nations and civilizations have died and can die, not by attack from without, but by greed, division, and weakness within.

The record of the debate on the pending bill reeks with appeals to and responses to special interests at the expense of the public interest.

As the bill stands at this moment, it is a veritable atomic bomb that, if allowed to go off, would blow up all hope of economic stabilization, of a fair balance between prices and wages and of continued all-out production to meet the needs of our defense mobilization program and vital civilian requirements. Yesterday's debate reached a new low in playing with our national security for partisan advantage.

Today, at a moment when the cease-fire talks in Korea are at a critical stage and when we have reports of a new build-up of Communist military forces in North Korea, we are told by the gentleman from Michigan [Mr. Wolcott] that the debate and vote yesterday on the Davis amendment that would shut down our economy for 120 days was a complete waste of time, that he expects it to be knocked out in conference with the other body.

In other words, yesterday on this floor, while American boys were dying in Korea, and while Communist imperialism was testing and checking the defenses of the free world to determine strength and weakness, we witnessed, here on the floor of this House, a spectacle of partisan muscle-dancing.

This exhibition reached its climax at 5 o'clock when the appeal to personal interest and advantage reached the ultimate in the proposal made by the gentleman from Michigan [Mr. Hoffman] that an exemption from price control be given to all meat raised by a person for himself and his immediate family, extending to the fourth generation yet unborn but confidently expected.

I wish the gentleman from Michigan well in his expectation of becoming a great-grandfather at an early date. But I would remind him that the sins of the fathers are visited upon the children to the third and fourth generations. The gentleman from Michigan is, as always, completely and utterly logical in his convictions, opinions, and proposals. This proposal of his was the ultimate expression of the isolationist philosophy so eloquently advocated by him and by the Chicago Tribune. Now we have it. The proposal was made that we shall hold back from doing everything we can, to the limit of our resources and our abilities, to unite and strengthen free nations, that we shall hold back even within our own continental borders to regions and sections and particular industries and now, in the proposal made by the gentleman from Michigan, to the isolationism of each family for itself, and let Joe Stalin make the most of it.

Mr. Chairman, I suggest that, even at this late hour, we can come to, that we pay some attention to what is going on in this world of ours, that we face up to our responsibilities to the American people and to our fellows in the free world, that we pull up our socks and, sweeping aside partisan, regional, sectional, industrial, and commodity considerations, proceed to write a defense production bill that will get production vital to our defense and to our survival, not a bill loaded and lopsided with special advantages for special interests, loaded with built-in provisions for new inflation, for new and unnecessary discriminations and hardships that will embitter and divide our people and interfere with instead of promote the production that is our greatest and surest weapon for victory against the Kremlin's plan for the conquest of the world.

Again, I warn the Members of this House, the record that we are writing in our debates and in our votes on this pending bill is a record that each and every Member is going to have to live with in 1952 and to the end of his days.

If we were to persist in our present course and were to write an inflationary unstabilizing bill, if that bill were to go to conference and to become law, it is no exaggeration, Mr. Chairman, to say that by promoting weakness here on the home front, it could prevent whatever chance there may be of a fair cease-fire in Korea and bring on world war III.

It could contribute and perhaps be decisive in a defeat of the free nations, including our own, in an all-out war for survival between Communist slavery and freedom.

A few days ago the gentleman from Missouri [Mr. BOLLING] stated that this debate can fairly be compared to the debate and vote that took place on this floor August 12, 1941, 4 months before Pearl Harbor, when the same forces who are fighting economic mobilization now were fighting for the demobilization of our Armed Forces. That attempt to disarm our Nation 4 months before Pearl Harbor was defeated by a single vote, cast by the Speaker of this House then and now.

By our actions on this bill we can make this RECORD the Book of the Living Free or the Book of the Dead and the Slave.

That is the basic issue, Mr. Chairman. We will vote on it one way or the other on every roll call from now to the end.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. COOLEY].

Mr. COOLEY. Mr. Chairman, Mr. SPENCE, the chairman of the committee, has an amendment at the desk, the purpose of which is to modify or alter the real purport of the Andresen fats and oils amendment. I want to ask unanimous consent that the gentleman's amendment may be amended if it is proper for me to do so at this time.

The gentleman's amendment, is as follows:

At page 50, line 4, add the following:

"(b) Section 704 of the Defense Production Act is amended by adding at the end thereof the following: 'Agricultural import restrictions which are not necessary to enforce allocation measures—shall not be applied under this act if the Secretary of Agriculture considers that they would be likely to affect adversely the agricultural export trade of the United States.'"

I would like to amend the amendment to insert after the word "measures" the following: "or to make effective domestic price support programs."

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. DOLLINGER].

Mr. DOLLINGER. Mr. Chairman, I am opposed to the 120 percent provision of the bill which permits a rent increase of 20 percent because I think no person is entitled to a 20 percent across-the-board increase or any increase unless he shows and proves that the property is operating at a loss and then he is entitled only to a fair return. I am going to offer an amendment to strike it out because I think, in its present form, it is unconstitutional. This is another attempt to grant special benefits for the privileged few at the expense of the American consumer.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. FATMAN].

Mr. PATMAN. Mr. Chairman, after conferring with the gentleman from Indiana [Mr. HALLECK] there will be only one amendment offered to the Small Defense Plants Corporation Act, and that is to make it a separate independent agency. To make sure that that is done,

the amendment will be offered at the proper time.

Mr. HALLECK. Mr. Chairman, I concur in what the gentleman from Texas [Mr. PATMAN] has said and hoped that the amendment will be agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. DEANE].

Mr. DEANE. Mr. Chairman, I take this time to pay my respects to our esteemed chairman, the gentleman from Kentucky [Mr. SPENCE], who for a solid month conducted the hearings on this bill and has so ably guided the legislation through the committee.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SPENCE. I do not deserve that compliment. It was involuntary servitude.

Mr. COOLEY. Mr. Chairman, a parliamentary inquiry.

May I offer an amendment at this time without debating the amendment?

The CHAIRMAN. The gentleman may offer an amendment to modify an amendment which has already been considered.

Mr. COOLEY. The gentleman from Kentucky [Mr. SPENCE] has an amendment at the desk, which will be voted upon, which provides that section 704 of the Defense Production Act is amended by adding at the end thereof the following:

Agricultural import restrictions which are not necessary to enforce allocation numbers shall not be applied under this act if the Secretary of Agriculture considers that they would be likely to affect adversely the agricultural exports of the United States.

I want to offer an amendment which I think the author of this amendment will accept.

The CHAIRMAN. The committee amendment has not been disposed of. The Chair was under the impression that the gentleman was seeking to modify some amendment that had been acted upon.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, we have passed certain portions of the bill. Is it possible to go back and amend an amendment which was adopted on July 10, without unanimous consent?

The CHAIRMAN. It could only be done by unanimous consent.

Mr. COOLEY. Mr. Chairman, a parliamentary inquiry. Could not the author of an amendment substitute the amendment that I am suggesting for the one he is offering?

The CHAIRMAN. The gentleman could do it if the amendment has not yet been offered.

Mr. SPENCE. I accepted his amendment.

The CHAIRMAN. At the proper time the Chair will recognize the gentleman for that purpose.

(Mr. BOW asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 49, line 15, strike out "108" and insert in lieu thereof "109."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 50, line 4, strike out all of line 4 and down to and including line 13.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 50, line 14, insert:

"(b) (1) Subsection (a) of section 705 of the Defense Production Act of 1950 is amended by inserting after 'take the sworn testimony of,' the following: 'and administer oaths and affirmations to.'"

"(2) Section 705 of the Defense Production Act of 1950 is further amended by redesignating subsections (d) and (e) as subsections (e) and (f), respectively, and by inserting the following new subsection."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 50, line 22, strike out "(c)" and insert "(d)."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 51, line 21, strike out the words "any part."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 52, line 8, insert:

"SEC. 110. (a) Title VI of the Defense Production Act of 1950 is amended by adding after section 713 the following new section:

"SEC. 714. (a) (1) It is the sense of the Congress that small-business concerns be encouraged to make the greatest possible contribution toward achieving the objectives of this act. In order to carry out this policy there is hereby created a body corporate under the name "Small Defense Plants Corporation" (hereinafter referred to as the "Corporation"), which Corporation shall be under the general direction and supervision of the President. The principal office of the Corporation shall be located in the District of Columbia, but the Corporation may establish such branch offices in other places in the United States as may be determined by the Administrator of the Corporation.

"(2) The Corporation is authorized to obtain money from the Treasury of the United States, for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of \$50,000,000 outstanding at any one time. For this purpose appropriations not to exceed \$50,000,000 are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Corporation from the revolving fund when requested by the Corporation.

"(3) The management of the Corporation shall be vested in an Administrator who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be a person of outstanding qualifications known to be familiar and

sympathetic with small-business needs and problems. The Administrator shall receive compensation at the rate of \$17,500 per annum. The Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator. The Administrator is authorized to appoint two Deputy Administrators to assist in the execution of the functions vested in the Corporation. Deputy Administrators shall be paid at the rate of \$15,000 per annum.

"(4) The Corporation shall not have succession, beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to an act of Congress. It shall have power to adopt, alter, and use a corporate seal, which shall be judicially noticed; to make contracts; to lease such real estate as may be necessary for the transaction of its business; to sue and be sued, to complain and to defend, in any court of competent jurisdiction, State or Federal; to select and employ such officers, employees, attorneys, and agents as shall be necessary for the transaction of business of the Corporation; to define their authority and duties, require bonds of them, and fix the penalties thereof; and to prescribe, amend, and repeal, by its Administrator, bylaws, rules, and regulations governing the manner in which its general business may be conducted and the powers granted to it by law may be exercised and enjoyed. The Administrator shall determine and prescribe the manner in which the Corporation's obligations shall be incurred and its expenses allowed and paid. The Corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. The Corporation, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself of the use of information, services, facilities, including any field service thereof, officers, and employees thereof in carrying out the provisions of this section.

"(5) All moneys of the Corporation not otherwise employed may be deposited with the Treasurer of the United States subject to check by authority of the Corporation or in any Federal Reserve bank. The Federal Reserve banks are authorized and directed to act as depositories, custodians, and fiscal agents for the Corporation in the general performance of its powers conferred by this section. All insured banks, when designated by the Secretary of the Treasury, shall act as depositories, custodians, and financial agents for the Corporation.

"(b) (1) The Corporation is empowered—

"(A) to recommend to the Reconstruction Finance Corporation loans or advances, on such terms and conditions and with such maturities as it may determine, to enable small-business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to finance research, development, and experimental work or new or improved products or processes; or to supply such concerns with capital to be used in the manufacture of articles, equipment, supplies, or materials for defense or essential civilian purposes; or to establish and operate technical laboratories to serve small-business concerns; such loans or advances to be made or effected either directly by the Reconstruction Finance Corporation or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise;

"(B) to purchase or lease such land; to purchase, lease, build, or expand such plants; and to purchase or produce such equipment, facilities, machinery, materials, or supplies,

as may be needed to enable the Corporation to provide small-business concerns with such land, plants, equipment, facilities, machinery, materials, or supplies as such concerns may require to engage in the production of such articles, equipment, supplies, or materials;

"(C) to lease, sell, or otherwise dispose of to any small-business concern any such land, plants, equipment, facilities, machinery, materials, or supplies;

"(D) to enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating the Corporation to furnish articles, equipment, supplies, or materials to the Government;

"(E) to arrange for the performance of such contracts by letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Corporation to perform such contracts; and

"(F) to provide technical and managerial aids to small-business concerns conducting and stimulating technical research, by maintaining a clearing house for technical information, by cooperating with other Government agencies, by disseminating information, and by such other activities as are deemed appropriate by the Corporation.

"(2) In any case in which the Corporation certifies to any officer of the Government having procurement powers that the Corporation is competent to perform any specific Government procurement contract to be let by any such officer, such officer shall be required to let such procurement contract to the Corporation upon such terms and conditions as may be specified by the Corporation. Such subcontracts may be let upon such terms and conditions as the Corporation may deem appropriate in accordance with such regulations as may be prescribed under section 201 of the First War Powers Act, 1941, as amended.

"(c) (1) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Corporation, or for the purpose of obtaining money, property, or anything of value, under this section, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than 2 years, or both.

"(2) Whoever, being connected in any capacity with the Corporation, (A) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it; or (B) with intent to defraud the Corporation or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Corporation, makes any false entry in any book, report, or statement of or to the Corporation, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof; or (C) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Corporation; or (D) gives any unauthorized information concerning any future action or plan of the Corporation which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any

company or corporation receiving loans or other assistance from the Corporation, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than 5 years, or both.

"(d) Whenever the Corporation has completed any transaction under clause (B), or (C) of subsection (b) (1) of this section, it may transfer the plant, equipment, facilities, machinery, materials, supplies, leases, or other property resulting from such transaction to the Reconstruction Finance Corporation, and the Reconstruction Finance Corporation shall service and administer such property, as the agent of the Corporation, remitting to it any interest, principal, or other proceeds or collections, after deducting actual expense of service and administration.

"(e) (1) It shall be the duty of the Corporation, and it is hereby empowered, to coordinate and to determine the means by which the productive capacity of small-business concerns can be most effectively utilized for national defense and essential civilian production.

"(2) It shall be the duty of the Corporation, and it is hereby empowered, to consult and cooperate with appropriate governmental agencies in the issuance of all orders limiting production by business enterprises, in order that small-business concerns will be most effectively utilized in the production of articles, equipment, supplies, and materials for national defense and essential civilian purposes.

"(3) All governmental agencies are required, before issuing orders limiting production by or granting priorities to business enterprises, to consult and cooperate with the Corporation in order that small-business concerns will be most effectively utilized in the production of articles, equipment, supplies, and materials for national defense and essential civilian purposes.

"(f) The Corporation shall have the power, and it is hereby directed, whenever it determines such action is necessary—

"(1) to make a complete inventory of all productive facilities of small-business concerns which can be used for defense and essential civilian production or to arrange for such inventory to be made by any other governmental agency which has the facilities: *Provided*, That in making such inventory the appropriate agencies in the several States shall be requested to furnish an inventory of the productive facilities of small-business concerns in each respective State, if such an inventory is available or in prospect;

"(2) to consult and cooperate with officers of the Government having procurement powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

"(3) to obtain detailed information as to the methods and terms which Government prime contractors utilize in letting subcontracts and to take action to insure the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

"(4) to take such action in the letting of Government procurement contracts as is necessary to provide small-business concerns with an adequate incentive to engage in defense and essential civilian production and to facilitate the conversion and the equipping of plants of small business concerns for such production;

"(5) to certify to the Reconstruction Finance Corporation, or any of its subsidiaries, the amount of funds required to convert to defense production any plant of a small-business concern interested in obtaining from the Reconstruction Finance Corporation, or any of its subsidiaries, the funds necessary to provide for such conversion;

"(6) to determine within any industry the concerns, firms, persons, corporations,

partnerships, cooperatives, or other business enterprises, which are to be designated "small-business concerns" for the purpose of effectuating the provisions of this section;

"(7) to certify to Government procurement officers with respect to the competency, as to capacity and credit, of any small-business concern or group of such concerns to perform a specific Government procurement contract;

"(8) to obtain from any Federal department, establishment, or agency engaged in defense procurement or in the financing of defense procurement or production such reports concerning the letting of contracts and subcontracts and making of loans to business concerns as it may deem pertinent in carrying out its functions under this section;

"(9) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply whenever it appears that any small business is unable to obtain materials for defense or essential civilian production from its normal sources;

"(10) to make studies and recommendations to the appropriate Federal agencies to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns to effectuate the defense program or for essential civilian purposes;

"(11) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from said agencies; and

"(12) to establish such advisory boards and committees wholly representative of small business as may be found necessary to achieve the purposes of this section.

"(g) (1) In any case in which a small-business concern or group of such concerns has been certified by or under the authority of the Corporation to be a competent Government contractor with respect to capacity and credit as to a specific Government procurement contract, the officers of the Government having procurement powers are directed to accept such certification as conclusive, and are authorized to let such Government procurement contract to such concern or group of concerns without requiring it to meet any other requirement with respect to capacity and credit.

"(2) The Congress has as its policy that a fair proportion of the total purchases and contracts for supplies and services for the Government shall be placed with small-business concerns. To effectuate such policy, small-business concerns within the meaning of this section shall receive any award or contract or any part thereof if it is determined by the Corporation and the contracting procurement agencies (A) to be in the interest of mobilizing the Nation's full productive capacity, or (B) to be in the interest of the national defense program.

"(3) No certificate of necessity, afforded under section 124A (e) of the Internal Revenue Code shall be granted a prime or subcontractor for the construction, reconstruction, erection, installation, or acquisition of a facility for the production of any material when productive facilities are available which can reasonably meet the same need.

"(4) Whenever materials or supplies are allocated by law, a fair and equitable percentage thereof shall be made available to the Corporation, to be allocated by it to small plants unable to obtain the necessary materials or supplies from usual sources. Such percentage shall be determined by the head of the lawful allocating authority after giving full consideration to the claims presented by the Corporation.

"(h) The Corporation shall make a report every 90 days of operations under this section to the President, the President of the Senate, and the Speaker of the House of

Representatives. Such report shall include the names of the business concerns to whom contracts are let, and for whom financing is arranged, by the Corporation, together with the amounts involved, and such report shall include such other information, and such comments and recommendations, with respect to the relation of small-business concerns to the defense effort, as the Corporation may deem appropriate.

"(i) The Corporation is hereby empowered to make studies of the effect of price, credit, and other controls imposed under the defense program and, whenever it finds that these controls discriminate against or impose undue hardship upon small business, to make recommendations to the appropriate Federal agency for the adjustment of controls to the needs of small business.

"(j) The Reconstruction Finance Corporation is authorized to make loans and advances upon the recommendation of the Small Defense Plants Corporation as provided in (b) (1) (A) of this section, not to exceed an aggregate of \$100,000,000 outstanding at any one time, on such terms and conditions and with such maturities as Reconstruction Finance Corporation may determine.

"(k) Section 101 of the Government Corporation Control Act is amended by inserting immediately after "Commodity Credit Corporation;" the following: "Small Defense Plants Corporation."

"(l) There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this section."

"(b) The presently designated sections 714, 715, and 716 of the Defense Production Act of 1950 are redesignated as sections 715, 716, and 717, respectively."

Mr. PATMAN. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. PATMAN to the committee amendment: On page 82, line 8, insert before the period "and shall not be affiliated with or be within any other agency or department of the Federal Government."

SMALL DEFENSE PLANTS CORPORATION—HEARINGS IN 24 STATES HAVE DEMONSTRATED THE NEED FOR A SMALL DEFENSE PLANTS CORPORATION—A TOTAL OF 261 MEMBERS OF THE HOUSE ARE COSPONSORS OF SMALL-BUSINESS AMENDMENT

Mr. PATMAN. Mr. Chairman, the need for establishment of a Small Defense Plants Corporation has been established beyond question as a result of investigations carried out by three subcommittees of the House Small Business Committee during the current session of Congress.

In the course of these investigations, approximately 650 small-business men have testified regarding their current problems. Hearings have been held in 30 cities in 24 States, covering most major portions of the Nation. Thousands of pages of documented evidence on the status of small business in the mobilization economy have been collected. This material was digested and classified for presentation to the House Banking and Currency Committee to demonstrate the urgent necessity for the creation of a Small Defense Plants Corporation.

In its report on H. R. 3871, the Banking and Currency Committee recognized the importance of the investigations conducted by the three subcommittees which I have mentioned. The Banking and Currency Committee stated that the evidence collected "presents a uniform

pattern—a pattern of critical problems which are not being met by existing agencies, and which will not be met until the Congress establishes an agency specifically designed to give small business an even break during the mobilization period."

SUBCOMMITTEES HAVE WORKED UNTIRINGLY

Mr. Chairman, at this time I should like to express my appreciation for the untiring efforts of the chairmen and members of these subcommittees. Their investigations have required them to travel many thousands of miles. They have put other business aside in order to give the small-business man a forum where he may be heard without having to come to Washington. Everywhere they have gone, they have left a splendid impression of the sympathetic interest of the House of Representatives in the problems of small business.

The majority of the field hearings have been conducted by Subcommittee No. 1, which has for chairman the gentleman from Montana [Mr. MANSFIELD]. The subcommittee has been investigating problems of small business related to the national emergency. Members are: Hon. JOE L. EVINS, of Tennessee; Hon. CLARENCE G. BURTON, of Virginia; Hon. ABRAHAM J. MULTER, of New York; Hon. CLINTON D. MCKINNON, of California; Hon. WILLIAM S. HILL, of Colorado; Hon. R. WALTER RIEHLMAN, of New York; Hon. HORACE SEELY-BROWN, of Connecticut, and Hon. THOMAS B. CURTIS, of Missouri.

The information gathered by Subcommittee No. 1 in the field has been utilized by Subcommittees No. 2 and No. 3 in their studies and investigations. Subcommittee No. 2 has been studying Government procurement, with particular emphasis on the military-procurement program. The gentleman from Tennessee [Mr. EVINS] is chairman of this subcommittee, and members are Mr. BURTON, Mr. MULTER, Mr. HILL, and Mr. CURTIS. This subcommittee joined with the Senate Small Business Committee last May to hold hearings in Washington on Government procurement problems. Its work has resulted in many improvements in the small-business programs of the military-procurement agencies.

Subcommittee No. 3 has been investigating special problems of specific small-business groups. Its chairman is Mr. BURTON, and members are Mr. EVINS, Mr. MCKINNON, Mr. RIEHLMAN, and Mr. SEELY-BROWN. This subcommittee has held hearings in Washington on problems of small aluminum fabricators and in Chicago on problems of the small manufacturers of farm implements and machinery as related to the national emergency. Difficulties of many small-business groups in obtaining adequate supplies of materials have been alleviated by the work of this subcommittee.

I do not wish to close without praising the interest and work of one who has been closely identified with the committee since it was first organized late in 1941. The gentleman from Indiana [Mr. HALLECK], the ranking minority member of the full committee, has at-

tended various subcommittee sessions and has given invaluable assistance in our investigations. CHARLIE HALLECK and I have worked together these many years on the multitude of problems of small business stemming from World War II and to the present time. His valued counsel in working out these problems merits praise of the highest order.

As a result of our investigations in the Eighty-second Congress, the proposal for the creation of a Small Defense Plants Corporation was improved in many respects. These improvements are incorporated in section 110 of H. R. 3871. Every line of this section has been tested in the light of the testimony presented by approximately 650 small-business witnesses from throughout the Nation.

AMENDMENT HAS 261 COSPONSORS

The membership of the House has given splendid support to the committee's proposal that a Small Defense Plants Corporation be established. A total of 261 Members—60 percent of the entire membership—have become co-authors and cosponsors of the amendment. Sponsors are from both parties and from every section of the Nation, demonstrating beyond question the nonpartisan nature of the proposal. The wonderful support which the Small Defense Plants Corporation amendment has received assures its passage by the House.

Mr. Chairman, I ask unanimous consent that an up-to-date list of cosponsors of the amendment be included in these remarks to demonstrate the great interest of this House in the welfare of the Nation's small businesses.

(The list is as follows:)

MEMBERS OF THE HOUSE OF REPRESENTATIVES WHO ARE COSPONSORS OF PENDING LEGISLATION TO CREATE A SMALL DEFENSE PLANTS CORPORATION, JULY 20, 1951

Alabama: GEORGE W. ANDREWS; LAURIE C. BATTLE; FRANK W. BOYKIN; EDWARD DEGRAFFENRIED; CARL ELLIOTT; GEORGE GRANT; ROBERT E. JONES, Jr.; ALBERT RAINS; KENNETH A. ROBERTS.

Arizona: JOHN R. MURDOCK; HAROLD A. PATTEN.

Arkansas: E. C. GATHINGS; OREN HARRIS; BROOKS HAYS; WILBUR D. MILLS; BOYD TACKETT; J. W. TRIMBLE.

California: JACK Z. ANDERSON; ERNEST K. BRAMBLETT; CLYDE DOYLE; CLAIR ENGLE; FRANK R. HAVENNER; CARL HINSHAW; CHET HOLIFIELD; ALLAN OAKLEY HUNTER; CECIL R. KING; GORDON L. McDONOUGH; CLINTON D. MCKINNON; GEORGE P. MILLER; NORRIS POULSON; JACK F. SHELLEY; HARRY R. SHEPPARD; SAMUEL W. YORTY.

Colorado: WAYNE N. ASPINALL; J. EDGAR CHENOWETH; WILLIAM S. HILL; BYRON G. ROGERS.

Connecticut: JOHN A. MCGUIRE; ANTONI N. SADLACK; HORACE SEELY-BROWN, Jr.¹

Delaware: J. CALEB BOGGS.

Florida: A. S. HERLONG, Jr.; WILLIAM C. LANTAFF; CHESTER B. McMULLEN; DWIGHT L. ROGERS; ROBERT L. F. SIKES.

Georgia: A. SIDNEY CAMP; JAMES C. DAVIS; HENDERSON LANHAM.

Illinois: LESLIE C. ARENDS; C. W. BISHOP; WILLIAM L. DAWSON; THOMAS S. GORDON; RICHARD W. HOFFMAN; JOHN C. KLUCZYNSKI; PETER F. MACK, Jr.; WILLIAM E. McVEY; THOMAS J. O'BRIEN; MELVIN PRICE; ADOLPH J. SAEATH; TIMOTHY P. SHEEHAN; WILLIAM L.

SPRINGER; CHARLES W. VURSELL; SIDNEY R. YATES.

Indiana: E. ROSS ADAIR; JOHN V. BEAMER; WILLIAM G. BRAY; CHARLES B. BROWNSON; SHEPARD J. CRUMPACKER, Jr.; WINFIELD K. DENTON; CHARLES A. HALLECK; CECIL M. HARDEN; RAY J. MADDEN.

Iowa: PAUL CUNNINGHAM; JAMES I. DOLLIVER; H. R. GROSS; CHARLES B. HOEVEN; HENRY O. TALLE.

Kansas: MYRON V. GEORGE.

Kentucky: JOE B. BATES; FRANK L. CHELF; JAMES S. GOLDEN; NOBLE J. GREGORY; THURSTON BALLARD MORTON; CARL D. PERKINS; JOHN C. WATTS; JOHN A. WHITAKER.

Louisiana: HALE BOGGS; OVERTON BROOKS; F. EDWARD HEBERT; HENRY D. LARCADE, Jr.; JAMES H. MORRISON; OTTO E. PASSMAN; EDWIN E. WILLIS.

Maine: FRANK FELLOWS; ROBERT HALE; CHARLES P. NELSON.

Maryland: J. GLENN BEALL; JAMES P. S. DEVEREUX; GEORGE H. FALLON; EDWARD A. GARMATZ; EDWARD T. MILLER.

Massachusetts: HAROLD D. DONOHUE; FOSTER FURCOLO; THOMAS J. LANE; PHILIP J. PHILBIN; EDITH NOURSE ROGERS.

Michigan: JOHN B. BENNETT; JOHN D. DINGELL; GERALD R. FORD, Jr.; THADDEUS M. MACHROWICZ; LOUIS C. RABAUT; PAUL W. SHAFER.

Minnesota: H. CARL ANDERSEN; AUGUST H. ANDRESEN; JOHN A. BLATNIK; HAROLD C. HAGEN; WALTER H. JUDD; FRED MARSHALL; EUGENE J. MCCARTHY; JOSEPH P. O'HARA; ROY W. WIER.

Mississippi: FRANK E. SMITH; JOHN BELL WILLIAMS.

Missouri: O. K. ARMSTRONG; CLAUDE I. BAKEWELL; RICHARD BOWLING; THOMAS B. CURTIS; CLAREE MAGEE; MORGAN M. MOULDER.

Montana: WESLEY A. D'EWART; MIKE MANSFIELD.¹

Nebraska: A. L. MILLER.

Nevada: WALTER S. BARING.

New Jersey: HUGH J. ANDONIZIO; GORDON CANFIELD; T. MILLET HAND; EDWARD J. HART; CHARLES R. HOWELL; PETER W. RODINO, Jr.

New Mexico: ANTONIO M. FERNANDEZ.

New York: VICTOR L. ANFUSO; WILLIAM T. BYRNE; EMANUEL CELLER; JAMES J. DELANEY; ISIDORE DOLLINGER; JAMES G. DONOVAN; SIDNEY A. FINE; RALPH A. GAMBLE; ERNEST GREENWOOD; LEONARD W. HALL; JAMES J. HEFFERNAN; LOUIS B. HELLER; JACOB K. JAVITS; BERNARD W. (PAT) KEARNEY; KENNETH B. KEATING; EDNA F. KELLY; EUGENE J. KEOGH; CLARENCE E. KILBURN; ARTHUR G. KLEIN; ABRAHAM J. MULTER; JAMES J. MURPHY; HAROLD C. OSTERTAG; DONALD L. O'TOOLE; ADAM C. POWELL, Jr.; T. VINCENT QUINN; R. WALTER RIEHLMAN; JOHN J. ROONEY; FRANKLIN D. ROOSEVELT, Jr.; KATHARINE ST. GEORGE; DEAN P. TAYLOR; J. ERNEST WHARTON.

North Carolina: THURMOND CHATHAM; CHARLES B. DEANE; JOHN H. KERR.

North Dakota: USHER L. BURDICK.

Ohio: WILLIAM H. AYRES; GEORGE H. BENDER; JACKSON E. BETTS; FRANK T. BOW; CLARENCE J. BROWN; CLIFF CLEVINGER; CHARLES H. ELSTON; MICHAEL A. FEIGHAN; WAYNE L. HAYS; WILLIAM E. HESS; MICHAEL J. KIRWAN, J. HARRY MCGREGOR; FRAZIER REAMS; ROBERT T. SECREST; ALVIN F. WEICHEL.

Oklahoma: CARL ALBERT; JOHN JARMAN; TOBY MORRIS; TOM STEED; WILLIAM G. STIGLER; VICTOR WICKERSHAM.

Oregon: HOMER D. ANGELL.

Pennsylvania: WILLIAM A. BARRETT; EARL CHUDOFF; ROBERT J. CORRETT; HARMAR D. DENNY, Jr.; HERMAN P. EBERHARTER; IVOR D. FENTON; DANIEL J. FLOOD; JAMES G. FULTON; WILLIAM T. GRANAHAN; WILLIAM J. GREEN, Jr.; JAMES F. LIND; WALTER M. MUMMA; HARRY P. O'NEILL; GEORGE M. RHODES; JAMES E. VAN ZANDT; ALBERT C. VAUGHN; FRANCIS E. WALTER.

Rhode Island: JOHN E. FOGARTY; AIME J. FORAND.

South Carolina: JOSEPH R. BRYSON; W. J. BRYAN DORN; JAMES P. RICHARDS; JOHN J. RILEY.

South Dakota: HAROLD O. LOVRE.

Tennessee: HOWARD H. BAKER; JERE COOPER; CLIFFORD DAVIS; JOE L. EVINS; JAMES B. FRAZIER, Jr.; TOM MURRAY; J. PERCY PRIEST; B. CARROLL REECE.

Texas: LINDLEY BECKWORTH; LLOYD M. BENTSEN, Jr.; J. M. COMBS; GEORGE H. MAHON; WRIGHT PATMAN; KEN REGAN; CLARK W. THOMPSON; HOMER THORNBERRY; J. FRANK WILSON.

Utah: REVA BECK BOSONE; WALTER K. GRANGER.

Vermont: WINSTON L. PROUTY.

Virginia: CLARENCE G. BURTON; TOM B. FUGATE.

Washington: WALT HORAN; HENRY M. JACKSON; RUSSELL V. MACK; HUGH B. MITCHELL; THOR C. TOLLEFSON.

West Virginia: CLEVELAND M. BAILEY; M. G. BURNSIDE; ROBERT L. RAMSAY; HARLEY O. STAGGERS.

Wisconsin: JOHN W. BYRNES; MERLIN HULL; REID F. MURRAY; WILLIAM K. VAN FELT; GARDNER R. WITHROW; CLEMENT ZABLOCKI.

Wyoming: WILLIAM HENRY HARRISON.

Alaska: E. L. BARTLETT.

STATEMENTS AND SPEECHES OF HON. ERIC JOHNSTON ON INFLATION

Mr. PATMAN. Mr. Chairman, the Honorable Eric Johnston, Economic Stabilization Administrator, has made a courageous fight against inflation. I am inserting herewith statements he has made on this important subject:

STATEMENTS MADE BY ERIC JOHNSTON, ECONOMIC STABILIZATION ADMINISTRATOR, RELATING TO INFLATION AND NECESSITY FOR CONTROLS, WAYS AND MEANS COMMITTEE OF THE HOUSE OF REPRESENTATIVES, WEDNESDAY, FEBRUARY 14, 1951

My job as Economic Stabilization Administrator—the way I see it—is to protect the soundness and integrity of the dollar. All of us know the dollar buys less today than it did 10 months ago. And it buys a lot less than it did 10 years ago.

We have been bidding among ourselves for every sort of merchandise that military needs might snatch away from us—or that we thought might disappear. We have bought ahead of our real wants. We have had plenty of cash and easygoing credit.

While we bid for goods, industry bids for workers with the lure of higher pay. Rising costs all along the line whittle profit margins. So up go prices. You cannot get much closer to perpetual motion than this spinning top of prices, wages, costs, and profits.

We have to stop this wild gyrations. It is part of our national defense to stop it. Communism would love to have inflation skid us to insolvency and bankruptcy.

To stabilize our economy—to protect our dollar—we must adopt—and with the utmost speed—a list of drastic limitations to slice nondefense spending to the self-denial level. As I see it, there are four principal things we must do:

1. We must use controls to bring about an equitable balance between prices and wages to help level off the cost of living;

2. We must have a drastic boost in taxes so we can pay for defense as we go and siphon off excess purchasing power;

3. We must adopt more comprehensive limitations on credit to prevent easygoing money chasing pell mell after a shrinking supply of goods; and

4. Most important of all, we must vastly multiply our production and our productive facilities to fill our vital defense needs.

¹Members of the House Small Business Committee.

All these things are tied together and must be treated as part of an integrated pattern if we are to be successful in staving off the enemy without—aggressive communism; and the enemy within—ruinous inflation.

One of the questions in your minds, I'm sure, is the effectiveness of our program to stabilize the cost of living.

Since June 1950, we have suffered a large and rapid rise in prices. To strike at this spiral, we issued a general freeze on prices and wages. It was never conceived that this action would immediately stop the upward momentum of the cost of living. But it did mark an essential beginning—a basis on which an effective control structure could be built. It will take several months to build this structure.

Our objective is clear—as quickly as possible, to arrive at a price level which can be held. We intend to take whatever measures are within our power to hold this level, and to ask Congress for such additional authority as we may find we need.

I want to reiterate that whatever success is achieved by direct controls will at best be transitory unless they are backed up by a balanced, pay-as-you-go Federal budget.

There's no mistaking that the days ahead are going to be tough—and rough—on all of us. We're all going to take a cut. Wages won't run as high as workers think they should. Profits won't run at the rate that business thinks they should. The farmer won't get all he wants—and all of us as consumers will have to get along with less.

It would be wonderful to find some way of curbing inflation that would make everybody happy and nobody mad. We would all like to have the cost of living drop to bargain basement levels. But no one wants to sell his goods or services to anyone except the highest bidder. This isn't human selfishness. It is simply human nature. We're all for controls—the direct kind like wage and price freezes—or the indirect kind—like taxes, when we think they'll hit the other fellow and not us.

There is no choice but controls when our destiny hangs on a trigger. But neither is there reason to permit our economy to congeal into a glacial age. I intend to exercise every vigilance against it.

The whole reason for stabilization can be put in one short, simple sentence: The consequences of not accepting limitations now would be many times more painful and more dangerous than all the temporary limitations we impose.

I used that word temporary deliberately. Not temporary in a sense of a year, but certainly not permanent in terms of a generation. I do not go along with the Jeremiahs who see us hopelessly trapped by controls. Or round-shouldered from a load of taxes. Or smothered by austerity.

Barring a full scale attack, I believe that 2 or 3 years will be as long as we may need controls.

Through self-restraint in our own self-interest—through common sense acceptance of controls—by paying the defense bill as we go—by limiting credit, by expanding production—we can fortify our security beyond any challenge.

And we will hasten the day when the dollar bill can look 100 cents worth of merchandise squarely in the eye as one equal to another.

STATEMENTS MADE BY ERIC JOHNSTON, ECONOMIC STABILIZATION ADMINISTRATOR, RELATING TO INFLATION AND NECESSITY FOR CONTROLS—ADDRESS OVER COLUMBIA BROADCASTING SYSTEM, MARCH 22, 1951

I want to tell you candidly tonight that it seems to me too many of us have too much complacency about the dangers of inflation.

Have we forgotten the whole reason why we're in this struggle to stabilize the economy?

The reason should be so clear.

Communism has forced us to prepare for the worst—to prepare for other Koreans anywhere in the world. To fortify ourselves to a point where no enemy will dare to attack us or attack our allies. We are buying an insurance policy against war.

In light of this, is there anybody who is going to trust our security in this emergency to anything but a powerful military defense which in turn is dependent upon a robust economy? We are trying to avoid war and stabilize the economy.

And how do we get a powerful military defense?

Like all other important things in life, it comes out of our sweat and our toil. Out of our factories, our forests, our farms and our mines. But most of all, it comes out of our determination to do what we must—out of our will to see that it's done. There must be a steadfastness of purpose that doesn't waver before every gust of wind that comes along.

By next Christmas, we will be spending at the rate of more than \$50,000,000,000 a year for our national defense. This is an added load on an economy that already was running at full gallop. So the stamina—the health—of our economy becomes all-important. And it becomes all-important to safeguard the strength of our economy from the crippling disease of inflation.

Inflation is already sabotaging our defense just as surely as if it carried the red flag of international communism.

Why do I say that? Listen to this:

Right before me is a list of roughly 150 items vitally required by the Army, Navy and the Air Force—and all but four have gone up in price like a soaring kite.

Here's a certain kind of cable wire—it's up 600 percent. Here's cloth for uniforms—it's up 75 percent in some grades. Here's a heavy ack-ack gun—worth about \$160,000 in the middle of last year. What do you think its price tag is today? One quarter of a million dollars! And I could go on endlessly with item after item.

This is just the same as if half the guns on order had been torpedoed on their way to a defensive zone. This means we have to pay for the same guns twice, for we must have the guns, no matter what the expense.

These aren't deferred purchases. We can't wait around in hope the price will come down. We've got to have the guns now.

Put it another way. Last September we boosted the income tax on individuals and corporations to raise an estimated \$4,500,000,000 for our defense effort, but what has happened to the money? The net return has been offset by the higher prices Government must pay to fill its military requirements. Inflation has canceled out that tax increase. So you and I are stuck twice when inflation sticks up Government.

Many people seem to think price and wage controls alone will do the job of licking inflation. They won't, for they deal only with the effects of inflation. They don't get at the causes.

Price and wage controls are like a lid clapped on a boiling kettle. The steam is not visible, but it is building up explosive pressures underneath the lid.

We must make an all-out assault on the root causes of inflation. We must move against it promptly, energetically, and all along the line, from all directions all at once in a synchronized attack.

First of all, it means we've got to have a balanced Federal budget.

We must all expect a higher tax bill, and I hope the Congress finds it possible to enact one soon.

The reason for higher taxes is not because we have an unbalanced budget now, but to pay for our essential military buying in the next 12 months.

Just as important as an anti-inflationary tax policy is an anti-inflationary credit policy. We've been on a spree of easy credit since last June. This means greatly increased purchasing power. People borrowed to buy things. Prices went up because of fear buying and because of speculation, both of them financed in great measure by borrowed money.

Bank loans to business, for example, jumped by 18 percent from June of 1950 to January of this year—up \$8,000,000,000.

Inventories are high today by any standard, and most of them were built on borrowed money.

And commercial credit isn't all. Consumer borrowing took a big spurt too. Installment buying alone vaulted 24 percent last year.

It takes a pretty solid dike to hold back an inflationary flood of purchasing power like that. So we need further restrictions on this flood of credit.

In the final analysis, the real cure of inflation must rest on sound fiscal policies and anti-inflationary credit policies, but we've got to do something else, so I want to talk frankly to business—to the farmer—and to the worker.

First—to business.

Last year, business profits hit the highest level in our history. From about \$28,000,000,000 in 1949, they jumped to more than \$40,000,000,000 in 1950, without counting inventory profits. This was before taxes, to be sure. But even after taxes and taking into full account the 1950 tax bills, profits themselves leaped in 1 year by about 30 percent.

Business must expect another bite in taxes, but it also must expect a tighter squeeze on profits.

I say to the businessman—is this too high a price to pay for avoiding war and stabilizing the economy? I don't think so. The alternative is inflation.

Now—agriculture.

It's essential that agriculture produce to the limit as a bulwark of our mobilization program and that its production be stimulated in every way possible. But—like other groups in our economy—farmers must look at both sides of the coin.

The biggest single cost in the average family budget is for food and fibers produced on the farm.

Since last June, farm prices have risen nearly 27 percent.

These prices can't continue to rise at this rate without shooting up the cost of living and swelling the inflationary flood.

We simply can't afford to allow food prices to keep moving ever upward and expect to hold inflation from blowing off the roof.

I say to the farmer—is this too high a price to pay for avoiding war and stabilizing the economy? I don't think so. The alternative is inflation.

Now—the worker.

The big point I want to make here is that without stabilization, we have a never-ending chase between higher prices and higher wages. What does this do to the worker? In the long run, most of them end up worse off than they were before.

So, I ask the workers to forego demands for wage increases that would break the line we're trying to hold against inflation.

I say to the worker—is this too high a price to pay for avoiding war and stabilizing the economy? I don't think so. The alternative is inflation.

The price of winning the war against inflation comes high. It comes high for everyone.

Is it worth the price? I think it is, and I'll tell you why. The price we're going to pay is the best bargain in today's troubled world.

We are buying a strong economy and a sound dollar. We are buying a better future for ourselves and our children. We are buying a homestead in freedom.

We are buying security for our right to work, to play, to read, to love, and to worship as we please.

And, with the help of God, we are buying peace.

STATEMENTS MADE BY ERIC JOHNSTON, ECONOMIC STABILIZATION ADMINISTRATOR, RELATING TO INFLATION AND NECESSITY FOR CONTROLS—TELEVISION BROADCAST, CBS-TV, THE FACTS WE FACE, SUNDAY, MARCH 25, 1951

Our job is to protect our dollar—your dollar, the American dollar. We're trying to stabilize that dollar so it won't change its buying power like a chameleon changes color.

It's a plain, hard fact that when production costs go up, prices climb, too. When one of these costs—wages—goes up, when raw materials cost more, things cost more to produce, and then prices zoom again. That's the vicious price-wage spiral, the symptom of the deadly disease of inflation. We're trying to stop that inflation before it wrecks our civilian economy and before it slows down our defense program. The Communists hope, of course, that we won't be able to stop the vicious inflation circle—the circle of doom.

I'll admit that the results to date have not been on the spectacular side. We have not licked inflation * * * not yet, that is. That takes time. But we also see the first signs of hope.

I wonder how many people realize the connection between our efforts to stabilize our economy and the job of turning out the materials of defense? Here's what happens. Our military leaders go before Congress and ask for so many billions of dollars for equipment. Congress looks over the proposals, finds them sound, grants the money. That takes time. The contracts are let; that takes time. As soon as factories are toolled up and the skilled workers put on the job; again that takes time; production starts rolling. So far, so good. The weapons we need for the preservation of freedom here and overseas then begin pouring off the production lines.

Much of this industrial mechanism is financed by credit—and every borrowed dollar—commercial or otherwise—adds to the total amount of money in circulation. People and businesses begin buying up materials they think will become scarce—and that starts a wave of anticipatory, speculative buying. Prices are bid up. There is the start of inflation. Inflation knocks the pins out from under our mainstay * * * the American dollar. Today, the weapons we're producing cost more than we had planned. We can't get the numbers we need for the money we have, so back to Congress go our military men to ask for more money. In effect, we may have to pay twice for the same weapons.

Where does the money come from? Well, not from any mysterious source. It's not Government money—it's our money. It comes from taxes, increased taxes. It comes from corporations. It comes from businessmen and from farmers, and from workers—from everyone.

We don't want any further bidding up of prices. We've got to stop the suicidal practice of helping inflation by anticipatory buying. Let's face it. Sacrifices are being called for in many ways. I don't think anyone consciously wants to help the enemy, but uncontrolled advance buying will do that.

Two days after I took office, we put through the freeze on both prices and wages.

We had to start somewhere and the law under which we are trying to stabilize the economy ties prices and wages closely together. We knew the freeze wouldn't be fair to all—either for merchants or workers. We knew some people would be squeezed and we knew that others would make profits that were out of line. But we figured we'd then have time to correct any unfairness; and we're doing just that. We're thawing the general freeze as we go along, and putting specific freezes into effect, in fairness to every group, and to the public generally. We know that inflation is poison, especially to those people whose income is fixed. The people on pensions, the widows living on insurance annuities; teachers, white collar workers, institutions with endowments. Their dollars have not been buying them what they need. To stabilize our economy—restore the dollar's strength—requires a delicate adjustment between wages and prices. There has to be a balance, a balance we normally have in a world at peace. It takes time to get back on the level.

People have come to me and complained about prices being way out of line with wages. We've had to develop a policy for what we're going to do, and I think I can explain that policy very clearly. Prices for raw materials and manufacturer's prices will be rolled back to pre-Korean levels. We're working on that now, and the results are expected to show up in retail stores this summer. But don't expect to pay what you paid for articles in the period before the invasion of Korea. Remember that wages and other costs have gone up, too. These true increased costs of production will be passed along the line. But, by and large, the roll-back at the producer's level will act to hold prices in line for the consumer buying at retail.

There will be shortages. But shortages, real shortages, have not yet made their appearance. There's a delay between the time military equipment is ordered, and the time it is delivered. Factories are in the retooling stage right now; the real impact of mobilization on civilian supplies will not be felt for some months. That's why we're working at top speed now to achieve stabilization, to forestall an uncontrolled, runaway inflation that might come otherwise when industry's conversion to defense work has really taken place. It might be a good thing now if we were to practice the kind of self-control that we will have to undergo later—if we make it a point to buy only what we need and buy only when we need it. That's sound practice for everyone—for the housewife who goes shopping, for the worker, the farmer, and the businessman.

First of all, we must have a balanced Federal budget. Most people think taxes are too high now. They are high—but not high enough for this inflationary year. They are not high enough to pay for the defense bill as we go—in cash—instead of putting it on the cuff. We must all expect a higher tax bill. I hope Congress finds it possible to enact these higher taxes soon—not because we have an unbalanced budget now, but to pay for our essential military buying in the next 12 months. Do you think that's too high a price to pay for avoiding war and stabilizing the economy? I don't.

We've been on a spree of easy credit since last June. People borrowed to buy things. Bank loans to business jumped \$8,000,000,000 from June to January. Inventories were built on borrowed money. Consumer borrowing took a big spurt—installment buying alone jumped 24 percent last year. We need further restrictions on this flood of credit. That's not too high a price to pay for avoiding war and stabilizing the economy.

There must be additional control over rents. We had been in the process of eliminating wartime rent controls. Now, because of the demand for adequate housing around Army, Navy, and Air Force bases, and near

defense plants, rent controls must be restored. That's part of the job of stabilizing our economy, and it's part of the job of keeping the prices for the necessities of life under control.

The real cure for inflation must get at all these things—it rests on sound fiscal policies, on anti-inflationary credit policies, and on sacrifices by business, by farmers, by workers, by everyone.

Business must expect another bite in taxes and also a tighter squeeze on profits. Last year, after the 1950 tax bill was paid, business profits had leaped over the previous year by about 30 percent. We simply can't afford to let the rate of profits go on shooting upward without blowing off the roof. Is this too high a price to pay for avoiding war and stabilizing the economy? I don't think so. The alternative is inflation.

It's essential that agriculture produce to the limit, and that food production be stimulated in every way possible. But farmers must look at both sides of the coin. The biggest single cost in the average family budget is for foods and fibers produced on the farm. Farm prices have risen nearly 27 percent since last June. These prices can't continue to rise at this rate without swelling the inflationary flood. We simply can't afford to allow food prices to keep going up and expect to hold the roof on our economic house.

I have a word to say to job-holders, too; to the workers of America. Without stabilization, we will have a never-ending chase of wages after prices. What does this do to workers? In the long run, most of them end up worse off than they were before. So I ask the workers to forego demands for wage increases that would break the line we're trying to hold. I say to the worker—is this too high a price to pay for avoiding the war and stabilizing the economy? I don't think so.

If we're not willing to pay these fair prices to stabilize our economy and avoid war, then the inflationary flood will sweep over us, and that's just what the Communists are hoping for.

The enemy we must mobilize to resist everywhere is aggressive communism. But I'm concerned about whether we aren't too complacent about the Communist threat.

We blow hot and cold. That's a luxury of emotion we can't afford—that's the kind of attitude that could be our downfall.

The enemy we must defeat at home is inflation. The way to smash inflation is to accept the sacrifices we know must be made. We must hold our borrowing in check. We must pay our debts and not spend beyond our income. We must save our money—in Government bonds or in the other ways we've saved in the past. We must look for higher taxes and pay them, in order to pay for the defense we need here, and that our allies need abroad. We must expect smaller profits in business, and we must keep wages and prices in line—all along the line.

Meeting this challenge will not be easy—for businessman, wage-earner, or farmer. But it must be met if we are to beat inflation. This price we must pay is still a cheap price, for with our sacrifice we are buying freedom. We are buying peace. There are no other price tags on peace and freedom—they can be bought only with courage and sacrifice.

STATEMENTS MADE BY ERIC JOHNSTON, ECONOMIC STABILIZATION ADMINISTRATOR, RELATING TO INFLATION AND NECESSITY FOR CONTROLS, HOTEL SHERMAN, CHICAGO, JOINT DINNER OF THE STATE STREET COUNCIL AND THE CHICAGO ASSOCIATION OF COMMERCE AND INDUSTRY, TUESDAY, APRIL 10, 1951

The way I see it, controls have got to justify themselves on the self-interest score for the whole American community, or we'd better write them off the books now. I think

you know that I'm no special pleader for controls. I am not having any truck with anyone who'd like to use controls in this emergency to convert our democratic capitalism into something else.

Now I'm for anything that will save me a dollar in unnecessary taxes. And so are you. Sometimes we say there's nothing worse this side of purgatory than paying taxes, but there is.

It's worse to have to pay taxes twice for the same thing. And that's what inflation has forced us to do.

We all know that last fall, Congress passed a multibillion-dollar tax bill to increase income taxes on individuals and on corporations. What happened to the money? Didn't it buy the planes and ships and tanks and guns that we ordered for our program of defense? It was supposed to.

It didn't. Inflation stole the whole take from that new tax bill. It was wiped out by the higher prices that the Defense Department had to pay. It was just the same as though some enemy had shot down a few squadrons of our planes or had torpedoed a few shipments of tanks on their way to some outpost of defense.

So we have to haul out our wallets again to pay for things we thought we had already bought with our tax money.

Here are just a few examples of inflation's dirty work.

Before Korea, a heavy antiaircraft gun cost \$160,000. What do you think it costs now? A quarter of a million dollars.

Our troops in Korea use the Garand M-1 rifle. Last June, that rifle came at \$41 a copy. Today, when we set out to supply our soldiers in Korea or anywhere else with the Garand M-1, the price tag is \$64.

Before Korea, we were paying \$5.72 a pair for combat service boots. Today, it costs \$10.91 in tax money for a pair.

I have merely plucked an item here and an item there from a list of several hundred items, but I think they're enough to show you where our tax money went. Inflation does a thorough job of thievery when it really gets to prowling.

But we've still got to have the rifles and the guns and the boots and everything else that our troops require, no matter what they cost, so there's a new tax bill in the works.

Suppose we hadn't adopted controls last January? Suppose prices had gone on climbing at the same dizzy rate as they did between Korea and controls? Do you think we'd be talking about one tax bill?

No, we'd be talking about two, or three, or four, and each of them taking a heftier bite out of our pocketbooks.

Do you think we'd be talking about a balanced budget and a pay-as-you-go tax system?

No, prices would be so many jumps ahead, we would have little chance to overtake them.

This isn't going to happen in the future—because we have controls. Controls have stopped the dizzy dervish dance of prices. From now on we won't be paying twice for the same rifle, the same antiaircraft gun, and the same combat boots.

Do you know any better reason for controls? I don't. That's a first big reason why controls are justifying their existence and paying their freight.

Now suppose we take a look at controls and civilian goods.

What's the difference between paying twice for a Garand rifle or for household needs?

We all remember that our economy was a bustling operation before the Communists attacked in Korea. The national workshop had a taker for almost everything it could make, and there were no serious shortages of anything.

Korea put us in the arsenal business once again. We all knew, or should have known,

that there's a lag of a year to 18 months between the time you order military equipment and the time that it's delivered.

But we disregarded this fact. We succumbed to fear. We engaged in an orgy of fear buying, of scare buying, of anticipation buying, of speculative buying, of buying for hoarding.

We bought ahead of our real needs. We took money out of the sock and from under the mattress; cashed in bonds and tapped our bank accounts because everything in sight looked like a bargain in the fear it might not be there very long.

Credit was free and easy. We borrowed on insurance, and we borrowed from the bank. We all did it—the consumer, the retailer, the jobber, the manufacturer. Commercial bank loans jumped \$9,000,000,000.

We were putting things in the closet, in the attic and the basement—and deep down in the freezer. Business put them in the warehouse, the back room, and on the shelf. Inventories shot way up all along the line.

No wonder prices took a kite ride. And inflation got a booster shot when the Chinese Communists intervened in November in Korea.

It looked as if the sky was the limit. So on last January 26 we put on controls, and inflation got a blow.

So did fear buying; so did anticipation buying; so did speculation buying; so did hoarding. And the economy is leveling off into better balance. We are no longer haunted by the nightmare fear that touched off the panic buying of 9 months ago.

Do you know any better reason for controls? I don't.

And that's a second big reason why controls are justifying their existence and paying their freight.

I don't contend that price and wage controls are a granite dam against inflation. They aren't. But they are sandbags for a dike against inflation, and they have protected us from being engulfed by inflationary pressures upstream.

We must still deal with these upstream pressures if we want to dry up inflation at the source. That includes higher taxes and firmer policies on credit, but controls have given us a badly needed breathing spell. We had to have a breather to evolve a comprehensive stabilization program, for it isn't something you can do in a few days with a couple of directives.

What can we expect controls to do in the months ahead?

There's a widespread impression—and I get it every day in my office—that the worst of inflation is over. I don't need to tell you that some gods are not moving as fast as they did, and some prices seem to be softening. You know these things better than I do.

And you know there are still no great shortages in civilian commodities. We can still buy automobiles and refrigerators and washing machines and radios. There's a surplus in the Federal Treasury, and the war news has tended more on the optimistic than the pessimistic side.

So why controls? Wouldn't we be better off without them? That question is thrown at me all the time. I wish I could agree, but I can't.

I can't agree for a very good reason. The tempo of our production is stepping up and will roll at an accelerated clip from now on. The blueprints are becoming guns and tanks that are rolling off the assembly lines.

The things we are making for defense have no use to the civilian consumer, but they will vastly increase the purchasing power of those who make them. And this purchasing power will compete for a curtailed supply of civilian goods. It's a new and powerful inflationary pressure against

the sandbags of stabilization. And unless these sandbags hold, the whole defense program is endangered.

We will need more and tighter sandbags of controls when we're actually spending \$50,000,000,000 for defense, as we will be by next Christmas. Less steel, less rubber, less wool, less copper, tin, and lead for civilians spell the necessity for a stronger stabilization dike.

There'll be shortages. Shortages and more money—that's right up inflation's alley. That's its meat.

So I ask you to appraise controls in the light of what might happen by next Christmas.

In view of the surging pressures of inflation that are certain to sweep down upon us as our defense program really swings into high, I think you'll find that controls have not worn out their welcome.

I think this will be true of the farmer, of the worker, and of the consumer—of all of us. For controls are the best assurance that we can hold the dike of stabilization.

We need the utmost cooperation of every group in our economy, and in return I can assure them all that in my agency we are not out to sock anybody.

There is nobody in my shop in Washington who is out to sock business. There is nobody in my shop who is out to sock the farmer. There is nobody in my shop who is out to sock labor.

We are out to see that everybody gets a fair shake—and nobody gets a special favor.

We cannot ask—I will not ask—the businessman to give up more than his neighbor in the national community. But he must give up something.

We cannot ask—I will not ask—the worker to give up more than his neighbor in the national community. But he must give up something.

We cannot ask—I will not ask—the farmer to give up more than his neighbor in the national community. But he must give up something.

In this disturbed world, we must prepare for the worst—while hoping for the best. We know that we cannot hope for the best and prepare for the worst unless a stabilized economy underlies our whole rearmament program.

STATEMENTS MADE BY ERIC JOHNSTON, ECONOMIC STABILIZATION ADMINISTRATOR, RELATING TO INFLATION AND NECESSITY FOR CONTROLS BROADCAST OVER CBS, THURSDAY, APRIL 5, 1951

We are facing the deadliest peril of our times. Communism has put it up to us—that if we choose to live, we cannot live to choose. And inflation has put it up to us—that if we choose a stabilized economy, we must live with controls for a couple of years during this rearmament period.

We have chosen to live, so we have chosen to mobilize against the worst the enemy outside could do. That enemy is aggressive communism.

And we have chosen a stabilized economy, so we have chosen to control the enemy inside. That enemy is inflation.

The public doghouse is always yawning and waiting for any group in our society that is guilty of excesses and tries to throw its weight around to gain unfair political and economic privilege for itself.

And once any group gets in the public doghouse, it's a long, hard pull to get out of it—even on parole. And it's a longer pull before it's back in the master bedroom.

Inflation—our enemy inside—has been only feeling out our defenses up to now. Its grand chance to turn our economy topsyturvy is coming up. A few months from

now, millions of our workers will be turning out more and more goods that have no consumer value. A bazooka, for instance. It costs plenty to make in money, materials and time, but what use is it to the housewife?

Just the same, the workers in the munitions plants and the soldiers who use their product and everybody else connected with defense will be paid for their time; and their earnings will compete for the output of other workers who are still producing for civilian demands.

By year end we're going to spend more than \$50,000,000,000 for the weapons and tools of preparedness. We'll be using more than 15,000,000 tons of steel—and more than half a million tons of aluminum.

That's when inflation can get in its real licks. That's when prices will be straining at every leash we can tie to them. That's when we get the big, sharp headache of how to distribute the essentials of food and clothing and shelter to those who are least able to pay higher prices.

We are deluding ourselves if we look at every little price dip and every little lull in the whirl of inflation as an indication that the worst is over.

But I want to say this with all the emphasis at my command: there is no slightest evidence, anywhere, that inflation is in general retreat.

That's why we have controls on prices and on wages now; and that's why I am urging a full measure of cooperation so those controls will have a chance to work. There'd be no excuse for controls if we weren't harnessing so much of our horsepower and our manpower to production for defense.

Controls are designed to see that everybody—not just the rich and powerful—but everybody—can weather this emergency with a decent standard of living. Controls can equalize the sacrifices. That's the sole justification for them. But it's a fair and square one.

I know that business works hardest through incentives, like good profits.

I know that farmers will step up production when prices are high.

And I know that labor works hardest for higher pay.

But we can't jockey among ourselves for preferred positions at the starting post in this defense economy without the burden falling hardest on those least able to bear it. We must all understand that each group of us must yield a little here and yield a little there for the common good now—and for the better future.

Since I've been on this job as Economic Stabilizer, I've discovered that every time a step is taken to bring all elements into strong-line formation against inflation, I'm accused by some groups of trying to appease other groups.

Now in normal times, I wouldn't put a feather's weight of influence against business—or labor—or agriculture—for going after higher profits, or higher pay, or higher prices. That is natural to our free economy. The free market is the homestead of America's democratic capitalism. In normal times, I like to see the liveliest kind of competition for shares in the national income dollar. It's the trade-mark of a healthy society.

But these aren't normal times. We can't do normal things. The community interest comes first. The group interest must come second.

I ask business, labor, and agriculture tonight—Is future freedom worth a fair measure of restraint today? I believe with all my heart it is. The sooner all of us accept our full share of sacrifice, the sooner we will be through with the vast job of defense, and the sooner we can return to the freedom we all desire so much.

STATEMENTS MADE BY ERIC JOHNSTON, ECONOMIC STABILIZATION ADMINISTRATOR, RELATING TO INFLATION AND NECESSITY FOR CONTROLS, THIRD GENERAL SESSION, THIRTY-NINTH ANNUAL MEETING OF THE NATIONAL CHAMBER, MAY 2, 1951

"Stabilization and mobilization must go forward together. For mobilize we must—and mobilize we will. There is no confusion about that in our minds. That's not a Washington decision."

That's the decision of 150,000,000 American people who know we can't talk turkey to communism with a feather duster.

If communism had decided to live in the world community in a law-abiding way and stay out of other people's households, why, that was fine with us. Or it could live alone and like it, for all we cared. It had a fair choice. But it gave us none. It's aggression has left us no alternative except to mobilize—and to stabilize. That's why we've got an emergency.

I regard my job as something between the functions of a traffic cop and a non-skid bath mat. Which is another way of saying that I have tried to slow down the panic rush of money chasing after goods and tried to keep the buying power of the dollar from slipping any further.

If we can do these things in the next 2 years or so, we'll be over the big hump—and without being all out of breath and energy from the climb.

We will have a stockpile of arms so ample and a defense production capacity so big that an aggressor anywhere will count 10 before he speaks—and then bite his tongue before he speaks at all. And—God willing—we may padlock the loaded gambling den of war.

More than that, we will have a production potential for civilian goods that dwarfs all going records.

And we can be rid of controls. I have said it before—many times—but I repeat it now—that the sooner we can toss out controls—and the sooner my agency can close up shop—the more I'll rejoice. My burning ambition is to scoop everybody with a proposal to write controls off the books. And that's exactly what I'm going to do the minute I feel controls are no longer necessary.

I wish I could skip over the perils of inflation as blithely as they have. But I can't. Not and live with the facts of it every day. Let me retrace the story, very briefly:

When Korea touched off a wave of fear-buying last summer, the cost of living became a regular fugitive from the flood, climbing higher and higher—from pinnacle to pinnacle—to escape the dangerous waters rolling underneath.

So in January we threw up a dam of price and wage controls. And the rate of the rise in prices was checked. Panicky fear-buying was stopped. The economy has leveled off into better balance.

But as we look ahead in my agency, we are painfully conscious that so far we have had only a flash-flood of inflation. And I mean compared to what we could have by early winter without the sternest kind of steps to counteract it.

Rising headwaters for a new inflation flood are churning toward us from upstream. By Christmastime, our defense production will be really rolling. It will be augmenting the national purchasing power on a lavish scale. By the first quarter of next year, the rate of national income will be thirty-seven and a half billion dollars more than in the first quarter of this year. That 12 percent increase is a tremendous inflationary force.

That's the way it stands. That's what's coming up. That's why we must continue to strengthen the dam against inflation.

But what are the fear salesmen doing. They are off on another tangent. They are wringing your hands for you about deflation.

Now let's examine the prospectus to see if these goose-pimple peddlers have got anything. What's in the cards?

It's really quite simple—if it weren't so downright stupendous.

We are launched on a 2-year production expansion plan. I like to call it a 2-year security plan. The blueprints are dovetailing. The raw stock is flowing in. The machines are warming up. We are going to augment the actual output of our national workshop by fabulous proportions and augment its potential output even more.

We are going to stockpile acres of military gear of every kind—guns and tanks and planes, and down to sewing kits and canteens. But more importantly, we are going to fatten out the facilities to make those things in a hurry and in the latest models—in such quantity—and in such quality, to meet any test of our security.

Barring all-out, sudden war, we will reach that high pitch of production in about 2 years. Our mobilization and stabilization plans are aiming dead ahead at what I call S-day for security day.

The magnitude of what we'll have on S-day leaves you sort of gasping. Here's steel. Our steel capacity has already boomed. We can make it at the rate of 108,000,000 tons a year today. By 1953, we expect to make it at the rate of 117,000,000 tons. That's 22,000,000 tons more than at the peak of World War II.

And here's aluminum. Today, we can make it at the rate of 800,000 tons a year. By 1953, we expect to make it at the rate of 1,300,000 tons a year. And that's 60 percent more than the output as of June in 1950.

Then there is electric power. Today, our capacity is 67,500,000 kilowatts. Within 3 years, we expect a potential of 89,500,000—000—an increase of 30 percent.

And what goes for steel and aluminum and power, goes in the same proportion for railroad cars and coal, for oil, for synthetic rubber, for chemicals, and for agricultural products.

By sheer coincidence, we are cranking up for this 2-year production spin at the same moment that Russia is crowing about completion of its latest 5-year plan. Do you know any better reason for our expansion? I don't.

I believe in taking Russia's arithmetic at its fact value. It's safer to believe it than to doubt it. And the first thing Russia tells us is that is over-all production in 1950 hit an all-time high. How high is up? That's what we need to know.

We get a better glimmer of what's going on in Russia, if we stack the Russian figures up against our own.

Here's coal. Russia says she mined 286,000,000 tons in 1950. We mined 556,000,000 tons.

Here's oil. Russia pumped 52,000,000 tons in 1950. We pumped 298,000,000 tons.

And here's steel—it's worth a little story of its own. The cold figures show that Russia turned out 28,000,000 tons of steel in 1950, while we produced about 97,000,000 tons.

Much of Russia's steel—and she keeps this figure a dark secret—went for military purposes. Most of our steel went for civilian uses.

Now look at the steel figures from another slant. The increase alone in our steel capacity by S-day will be about three-fourths of Russia's total output at the end of its 5-year plan.

Maybe we think this looks pretty good for our side. But how can we take any solid comfort in it? I don't think we can—not as long as communism is wandering around with a bayonet in its hand. Any Communist production gain has got to be a goal for us—not a hitching post. There's no security for us—absolutely none—in keeping just a few production laps ahead of Russia.

We must so outstrip her that even a Kremlin mind will understand the insanity of aggression.

I think we all know how Russia managed to produce this relatively handsome tableful of key commodities. There was a Lazarus underneath the table, for the Russian people had to live on crumbs to fatten the larder for war.

The Kremlin never gave its people a moment to relax between the starvation diet of the last war and the onset of the new 5-year plan.

The Russian workers have sweated 48 hours a week—plus so-called voluntary hours on their so-called days of rest, which could mean anything.

We have stuck to 40 and 44 hours.

Russia has taken and Russia will take, the shoes off the feet of its people and the clothes off their backs to challenge our powerhouse. We haven't even scraped the jam from the breakfast toast.

This production capacity of ours is our El Dorado—and it's our guardian angel. It's our security.

But what are the fear salesmen clamoring about?

Why, they are asking what we're going to do with all our steel capacity after "S-day"? What are we going to do with all our oil? What are we going to do with all our railroad cars? And all our aluminum? And all our electric power?

What are we going to do with this genie of new plant capacity?

They look ahead to the end of our 2-year production expansion plan and see a dangerous avalanche of goods to drug the market and founder the economy.

They look ahead not to security day for America but to bust day for America.

Now of course the fear salesmen could be right. There's always that chance. They are making a long-shot bet, and Gloomy Gus has as much chance to win on a long shot as anyone else.

I am making no long-shot wagers. I'm taking a side bet against the fear salesmen on the basis of their own past record. They have far more often been wrong—than right.

In every one of our emergencies, these dealers in calamity have predicted collapse and ruination. But while they howled at the moon like frightened coyotes, the American Nation went on working and growing and expanding and prospering.

Remember 1942? As far back as that, our fear merchants were hawking a postwar depression as a sure inside tip. We hadn't hit Normandy Beach—and we hadn't begun the island hop in the Pacific, but we doused with the drizzly prediction of eight to ten million jobless as soon as the shooting was over.

But what happened? We didn't have a depression. We didn't have breadlines. The farmer had his best years in history. We had record employment. Record business. Record incomes. We had expansion, not depression.

And in spite of our huge working force and in spite of our enormously greater production, Korea caught us with shortages of everything—including manpower. We were so short of steel that we had a gray market in it most of the time and a black market in it every now and then.

The fear salesmen of the war years were bad guessers. They failed to allow for the long-corralled civilian wants in 1945. They failed to allow for the vitality of an economy that had known almost full employment and good prices for a long stretch of years.

They failed to allow for the new appetites created in a vast working force. I think they are failing to allow for those same things all over again.

The fear salesmen tell us we might as well draw the fires when mobilization is complete. I think we have shaken off the fos-

silized doctrine that production is a fine battle cry but a poor partner in peace.

Isn't this land too opulent in talent and too rich in ingenious minds to mistake the ravens of calamity for the owls of common sense?

I think the fear mongers are misreading the American success story.

It's one of the greatest stories ever told, and it can't be told twice the same way. The plot can't be outlined in advance. There is no keeping up with the speeding pen of American destiny.

I don't know what America is going to look like 10 years from now, but I'm sure of one thing: the theme of the American success story won't change. For America is now and always has been the land of calculated risk. The United States was born as a political and social risk—with the cards stacked against it—and the dynamo of our economy is risk. We thrive on risk—because—we put freedom first.

I believe the American success story is only in its opening chapters. Clean, bright pages are ahead of us. Together, we can inscribe them with braver, bolder, more rewarding chapters, and together we can share in a new abundance of the fruits of the earth.

The CHAIRMAN. The question is on the amendment to the committee amendment.

The amendment to the committee amendment was agreed to.

The CHAIRMAN. The question recurs on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 65, line 17, strike out "(f) Section" and insert "Sec. 111. The presently designated section."

The committee amendment was agreed to.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to extend my remarks at the end of the small defense plants amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas.

There was no objection.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 65, line 23, strike out "1953" and insert in lieu thereof "1952."

Mr. COLE of Kansas. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. COLE of Kansas to the committee amendment: On page 65, line 23 after the figure "1952", insert "Provided, That all authority conferred under title IV shall terminate at the close of August 15, 1951."

Mr. PATMAN. Mr. Chairman, what page is that amendment on?

The CHAIRMAN. The gentleman's amendment is to page 65, line 23, following the figures "1952" in line 23.

Mr. PATMAN. And what is the amendment?

The CHAIRMAN. Without objection, the clerk will re-report the amendment.

There was no objection.

(The Clerk again read the amendment.)

Mr. SPENCE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SPENCE. Does this mean that price control ends on August 15?

The CHAIRMAN. That is not a parliamentary inquiry.

The question is on the amendment offered by the gentleman from Kansas.

The question was taken; and on a division (demanded by Mr. COLE of Kansas) there were—ayes 28, noes 147.

So the amendment was rejected.

The CHAIRMAN. The question recurs on the committee amendment.

The committee amendment was agreed to.

Mr. SPENCE. Mr. Chairman, I have an amendment at the desk.

The CHAIRMAN. Is it an amendment to the committee amendment?

Mr. SPENCE. It is not.

The CHAIRMAN. Is it a committee amendment?

Mr. SPENCE. It is not a committee amendment.

The CHAIRMAN. The Chair will recognize the gentleman later to offer his amendment. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 65, line 24, strike out the following:

"TITLE II—MISCELLANEOUS

"Sec. 201. The Housing and Rent Act of 1947, as amended, is hereby repealed, except that as to offenses committed, or rights or liabilities incurred, prior to such repeal, the provisions of said act and regulations, orders, and requirements thereunder shall be treated as still remaining in full force for the purpose of sustaining any proper suit, action, or prosecution with respect to any such right, liability, or offense. The President shall administer the powers, duties, and functions under this section through the new independent agency created pursuant to section 403 of the Defense Production Act of 1950. The President may provide for the transfer to the new independent agency created pursuant to section 403 of the Defense Production Act of 1950 of any of the functions, records, property, personnel, and unexpended balances of appropriations, allocations, and other funds of the Office of the Housing Expediter. Any employees of the Office of the Housing Expediter not so transferred shall unless transferred to other positions in the Government be separated from the service. The President shall make such provisions as he shall deem appropriate for the termination and liquidation of the affairs of the Office of the Housing Expediter, and until such action is taken by the President the Office of the Housing Expediter shall be continued. For the purposes of determining the status of employees transferred to the agency administering functions provided for in this act and in the Defense Production Act of 1950, as amended by this act, they shall be deemed to be transferred in connection with a transfer of functions.

"Sec. 202. (a) The President shall administer the powers, functions, and duties under this section, and for the purpose of exercising such powers, functions, and duties as the President may delegate any power or authority conferred upon him by this section to any officer or agency of the Government, and he may authorize such redelegations by that officer or agency as the President may deem appropriate.

"(b) Section 215 of the Independent Offices Appropriation Act, 1946 (59 Stat. 106, 134), and section 213 of the Independent Offices Appropriation Act, 1947 (60 Stat. 60, 81), are hereby repealed. Any allocations made or committed, or priorities granted, for the delivery, of any housing materials or facilities under any regulation or order issued under the authority contained in Public Law 388, Seventy-ninth Congress, and before the date of enactment of this act with respect to veterans of World War II, their immediate families, and others, shall remain in full force and effect.

"(c) In order to assure preference or priority to persons who at any time during the effective period of this act, are serving, or have since September 16, 1940, served, in the active military or naval forces of the United States (hereinafter referred to in this section as veterans) or their families—

"(1) no housing accommodations designed for single-family residence the construction or conversion of which has been completed since June 30, 1947, shall be offered for sale or resale, or sold or resold, to persons other than veterans or their families, unless such housing accommodations have been publicly offered for sale exclusively to veterans or their families (a) during the period of construction or conversion and for 30 days thereafter, prior to a sale or offering for sale to such nonveterans, and (b) for a period of 7 days prior to a resale, or an offering for resale, to such nonveterans; and

"(2) no housing accommodations designed for occupancy by other than transients, the construction or conversion of which has been completed since June 30, 1947, shall be offered for rent or rerent, rented or rerented to persons other than veterans or their families, unless such housing accommodations have been publicly offered for rent exclusively to veterans or their families (a) during the period of construction or conversion and for 30 days thereafter, prior to a first renting or offering for rent to such nonveterans, and (b) for a period of 7 days prior to a subsequent renting, or offering for rent, to such nonveterans; and

"(3) no housing accommodations designed for single family residence, the construction or conversion of which has been completed since June 30, 1947, shall be offered for sale or resale, or sold or resold, to any person at a price less than the price for which it had been last offered for sale to veterans or their families for at least 7 days: *Provided, however*, That in no event shall the public offering period to veterans or their families total less than 30 days in any first or original sale as required by paragraph (1) of this subsection; and

"(4) no housing accommodations designed for occupancy by other than transients, the construction or conversion of which has been completed since June 30, 1947, shall be offered for rent or rerent, or rented or rerented, to any person at a price less than the price for which it had been last offered for rent to veterans or their families for at least 7 days: *Provided, however*, That in no event shall the public offering period to veterans or their families total less than 30 days in any first or original renting as required by paragraph (2) of this subsection.

"(d) As used in this section—

"(1) The term 'person' shall include an individual, corporation, partnership, association, or any other organized group of persons; or a representative of any of the foregoing.

"(2) The term 'housing accommodations' shall include, without limitation, any building, structure, or part thereof, or land appurtenant thereto, or any real or personal property, designed, constructed, or converted for dwelling or residential purposes, together with all privileges, services, or facilities in connection therewith; industrially made or prefabricated houses, sections,

panels, or their aggregate as a 'package' designed or constructed for dwelling or residential purposes; and a certificate, deposit, membership, stock interest, or undivided interest in real estate, under a cooperative mutual ownership or similar plan, which carries with it the right of occupancy of individual dwelling units.

"(e) The President is authorized to issue regulations and orders prescribing the manner in which such housing accommodations shall be publicly offered in good faith for sale or rent to veterans or their families and such other regulations or orders as he may deem necessary in the public interest to effectuate the provisions of this section. The President is further authorized to grant such exceptions to the provisions of this section for persons engaged in national defense activities and for hardship cases as he may deem appropriate.

"(f) Any person who willfully violates any provisions of this section shall, upon conviction thereof, be subject to a fine of not more than \$5,000 or to imprisonment for not more than 1 year, or to both such fine and imprisonment. Whenever the President has reason to believe that any person is liable for punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

"(g) This section shall cease to be in effect at the close of June 30, 1953, or at such earlier time as the Congress by concurrent resolution or the President by proclamation may designate or upon the date that the President proclaims that the protection to veterans or their families provided by this section is no longer needed, whichever date is the earlier, except that as to offenses committed, or rights or liabilities incurred, prior to such termination date, the provisions of this section and regulations and orders issued thereunder shall be treated as still remaining in force for the purpose of sustaining any proper suit, action, or prosecution with respect to any such right, liability, or offense.

"(h) If any provisions of this section or the application of such provision to any person or circumstances shall be held invalid, the remainder of the provisions and the application of such provisions to persons or circumstances other than those as to which it is held invalid shall not be affected thereby."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 72, line 1, insert the following:

"TITLE II—AMENDMENTS TO THE HOUSING AND RENT ACT OF 1947

"SEC. 201. Section 204 (f) of the Housing and Rent Act of 1947, as amended, is amended by striking out 'June 30, 1951' and inserting in lieu thereof 'June 30, 1952.'

"SEC. 202. (a) The Housing and Rent Act of 1947, as amended, is amended by striking out 'Housing Expediter' wherever it appears therein and inserting in lieu thereof 'President.'

"(b) Section 204 (a) of the Housing and Rent Act of 1947, as amended, is repealed.

"(c) Section 206 (e) of the Housing and Rent Act of 1947, as amended, is amended by striking out 'The principal office of the Housing Expediter shall be in the District of Columbia, but he or any duly authorized representative may exercise any or all of his powers in any place and attorneys' and inserting in lieu thereof 'Attorneys.'

"(d) Section 208 of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

"Sec. 208. The President shall administer the powers, duties, and functions conferred

upon him by title II of this act through the new independent agency created pursuant to section 403 of the Defense Production Act of 1950; and he shall administer the powers, duties, and functions conferred upon him by title I of this act through such officer or agency of the Government as he may designate. In accordance with the action taken by him pursuant to the preceding sentence, the President shall provide for appropriate transfers of records, property, necessary personnel, and unexpended balances of appropriations, allocations, and other funds heretofore under the jurisdiction of, or available to, the Office of the Housing Expediter. Any employees of the Office of the Housing Expediter not so transferred shall, unless transferred to other positions in the Government, be separated from the service. The President shall make such provisions as he shall deem appropriate for the termination and liquidation of the affairs of the Office of the Housing Expediter. For the purposes of determining the status of employees transferred to the agency administering functions provided for in this act, and in the Defense Production Act of 1950, as amended, they shall be deemed to be transferred in connection with a transfer of functions.'

"SEC. 203. Section 204 of the Housing and Rent Act of 1947, as amended, is amended by adding at the end thereof the following:

"(k) Notwithstanding any other provision of this act, the President shall by regulation or order establish such maximum rent or maximum rents as in his judgment will be fair and equitable for any housing accommodations (1) in any State which by law declares that there exists such a shortage in rental housing accommodations as to require Federal rent control in such State, or (2) in any incorporated city, town, village, or in the unincorporated area of any county (other than a city, town, village, or unincorporated area of any county within a State which is controlling rents) upon receipt of a resolution of its governing body adopted for that purpose in accordance with applicable local law and based upon a finding by such governing body, reached as a result of a public hearing held after 10 days' notice, that there exists such a shortage in rental housing accommodations as to require Federal rent control in such city, town, village, or unincorporated area in such county. In establishing any maximum rent for any housing accommodations under this subsection the President shall give due consideration to the rents prevailing for such housing accommodations or comparable housing accommodations during the period from May 24, 1950, to June 24, 1950, and he shall make adjustment for such relevant factors as he shall deem to be of general applicability in respect to such accommodations including increases or decreases in property taxes and other costs within such area.

"(l) Notwithstanding any other provisions of this act, whenever the Secretary of Defense and the Director of Defense Mobilization, acting jointly, shall determine and certify to the President that any defense-rental area (whether then or ever controlled or decontrolled under this act or under State or local law) is a critical defense housing area, the President shall by regulation or order establish such maximum rent or maximum rents for any housing accommodations, not then subject to rent control, in such area or portion thereof as in his judgment will be fair and equitable. Notwithstanding the provisions of section 202 (c) the term "controlled housing accommodations" as applied to any such critical defense housing area shall include all housing accommodations in the area, without exception. In establishing any maximum rent for any housing accommodations under this subsection, the President shall give due consideration to the rents prevailing for such housing accommodations or comparable housing ac-

commodations during the period from May 24, 1950, to June 24, 1950, and he shall make adjustment for such relevant factors as he shall determine and deem to be of general applicability in respect to such accommodations, including increases or decreases in property taxes and other costs within such defense-rental area. Maximum rents in any critical defense housing area shall be terminated at such time as the Secretary of Defense and the Director of Defense Mobilization, acting jointly, shall determine and certify to the President that such area is no longer a critical defense housing area, or as provided in subsection (e) or (j) of this section: *Provided, however,* That in any area where maximum rents are removed under the procedures provided in subsection (e) or (j) of this section, maximum rents may be reestablished after the expiration of 30 days on the determination and certification of the Secretary of Defense and the Director of Defense Mobilization, acting jointly. No area shall be certified as a critical defense housing area under the authority granted in this subsection unless all the following conditions exist in such area:

“(A) a new defense plant or installation has been or is to be provided, or an existing defense plant or installation has been or is to be reactivated or its operation substantially expanded;

“(B) substantial in-migration of defense workers or military personnel is required to carry out activities at such plant or installation; and

“(C) a substantial shortage of housing required for such defense workers or military personnel exists or impends which has resulted or threatens to result in excessive rent increases and which impedes or threatens to impede activities of such defense plant or installation.

“(m) Whenever an area has been certified under subsection (1) to be a critical defense housing area, real-estate construction credit controls imposed under title VI of the Defense Production Act of 1950 shall be suspended with respect to new housing construction in such area, the cost of which does not exceed—

“(A) \$9,000 for single-family dwellings or \$16,500 for two-family dwellings, constructed for sale or rent, except that these amounts may be increased to not to exceed \$10,000 or \$17,500, respectively, in any geographical area where the President finds that cost levels so require: *Provided,* That if the President finds that it is not feasible within the aforesaid dollar-amount limitations to construct dwellings containing three or four bedrooms per family unit without sacrifice of sound standards of construction, design, and livability, he may increase such dollar-amount limitations by not exceeding \$1,200 for each additional bedroom (as defined by the President) in excess of two contained in each family unit if he finds that such unit meets sound standards of livability as a three-bedroom or a four-bedroom unit, as the case may be.

“(B) \$9,000 per family unit (or \$8,000 per family unit if the number of rooms in a multifamily rental property or project does not equal or exceed four per family unit) for such part of such property or project as may be attributable to dwelling use: *Provided,* That the President may by regulation increase such dollar-amount limitations by not exceeding \$1,000 in any geographical area where he finds that cost levels so require.

In any such critical defense housing area, where maximum rents are removed under procedure provided in subsection (e), (j), or (l) of this section the suspension of credit controls provided for in this subsection shall terminate immediately. The fact that any area has been certified as a “critical defense housing area” under subsection (1) shall not make such area ineligible for the location of

additional defense plants, facilities, or installations, or as a source of additional military procurement of any sort.

“(n) Notwithstanding any other provisions of this act, in order to compensate for increases in costs and prices which have occurred, the maximum rent in effect on the date of enactment of this subsection for any housing accommodation shall, upon sworn application, be increased to 120 percent of the following: The maximum rent for the housing accommodation (or a comparable housing accommodation) in effect on June 30, 1947, plus the amount of any increase allowed or allowable under this act for major capital improvements or for increases in living space, services, furniture, furnishings, or equipment, and minus any decrease required or requirable under this act for decreases in living space, services, furniture, furnishings, or equipment, or for substantial deterioration or failure to perform ordinary repair, replacement, or maintenance. Any increase in a maximum rent applied for under this subsection which is based upon the maximum rent in effect on June 30, 1947, for the particular housing accommodation and upon increases and decreases actually allowed under this act shall be effective upon the filing of the application. Nothing in this subsection shall require the reduction of any maximum rent, nor prevent such additional adjustment for increases in costs and prices as the President may deem appropriate.”

“Sec. 204. Section 205 of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

“(a) Any person who demands, accepts, receives, or retains any payment of rent in excess of the maximum rent prescribed under the provisions of this act, or any regulation, order, or requirement thereunder, shall be liable to the person from whom such payment is demanded, accepted, received, or retained (or shall be liable to the United States as hereinafter provided) for reasonable attorney's fees and costs as determined by the court, plus liquidated damages in the amounts of (1) \$50, or (2) not more than three times the amount by which the payment or payments demanded, accepted, received, or retained exceed the maximum rent which could lawfully be demanded, accepted, received, or retained, as the court in its discretion may determine, whichever in either case may be the greater amount: *Provided,* That the amount of such liquidated damages shall be the amount of the overcharge or overcharges if the defendant proves that the violation was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation.

“(b) Any person who unlawfully evicts a tenant shall be liable to the person so evicted (or shall be liable to the United States as hereinafter provided) for reasonable attorney's fees and costs as determined by the court, plus liquidated damages in the amounts of (1) 1 month's rent or \$50, whichever is greater, or (2) not more than three times such monthly rent, or \$150, whichever is greater: *Provided,* That the amount of such liquidated damages shall be the amount of 1 month's rent or \$50, whichever is greater, if the defendant proves that the violation was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation.

“(c) Suit to recover liquidated damages as provided in this section may be brought in any Federal court of competent jurisdiction regardless of the amount involved, or in any State or Territorial court of competent jurisdiction, within 1 year after the date of violation: *Provided,* That if the person from whom such payment is demanded, accepted, received, or retained, or the person wrongfully evicted, either fails to institute an action under this section within 30 days from the date of the occurrence of the violation

or is not entitled for any reason to bring the action, the United States may settle the claim arising out of the violation or within 1 year after the date of violation may institute such action. If such claim is settled or such action is instituted, the person from whom such payment is demanded, accepted, received, or retained, or the person wrongfully evicted, shall thereafter be barred from bringing an action for the same violation or violations. For the purpose of determining the amount of liquidated damages to be awarded to the plaintiff in an action brought under subsection (a) of this section, all violations alleged in an action under said subsection (a) which were committed by the defendant with respect to the plaintiff prior to the bringing of such action shall be deemed to constitute one violation and, in such action under subsection (a) of this section, the amount demanded, accepted, received, or retained in connection with such one violation shall be deemed to be the aggregate amount demanded, accepted, received, or retained in connection with all such violations. A judgment for damages or on the merits in any action under either subsection (a) or (b) of this section shall be a bar to any recovery under the same subsection of this section in any other action against the same defendant on account of any violation with respect to the same person prior to the institution of the action in which such judgment was rendered.”

“Sec. 205. Section 206 (a) of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

“(1) It shall be unlawful for any person to demand, accept, receive, or retain any rent for the use or occupancy of any controlled housing accommodations in excess of the maximum rent prescribed under this act, or otherwise to do or omit to do any act, in violation of this act, or of any regulation or order or requirement under this act, or to offer, solicit, attempt, or agree to do any of the foregoing.

“(2) It shall be unlawful for any person to evict, remove, or exclude, or cause to be evicted, removed, or excluded, any tenant from any controlled housing accommodations in any manner or upon any grounds except as authorized or permitted by the provisions of this act or any regulation, order, or requirement thereunder, and any person who lawfully gains possession from a tenant of any controlled housing accommodations, and thereafter fails fully to comply with such requirements or conditions as may have been imposed for such possession by the provisions of this act or any regulation, order, or requirement thereunder, shall also be deemed to have unlawfully evicted such tenant and shall be liable to such tenant, or to the United States, as provided in this act.

“Sec. 206. (a) The first sentence of section 202 (c) (1) (A), of the Housing and Rent Act of 1947 is amended by striking out the following: ‘which is located in a city of less than 2,500,000 population according to the 1940 decennial census and.’

“(b) Section 202 (c) (1) (B) of such act is repealed.

“Sec. 207. Section 202 (d) of such act (defining defense-rental area) is amended by inserting after ‘204 (1) (1) or (2)’ the following: ‘, 204 (k), or 204 (l).’

“Sec. 208. (a) The last sentence of section 4 (c) of the Housing and Rent Act of 1947, as amended, is amended by inserting after the word ‘section’ the following: ‘for persons engaged in national defense activities and.’

“(b) Section 4 (e) of such act is amended by striking out ‘June 30, 1951’ and inserting in lieu thereof ‘June 30, 1952.’

“Sec. 209. Section 215 of the Independent Offices Appropriation Act, 1946 (59 Stat. 134), and section 213 of the Independent Offices Appropriation Act, 1947 (60 Stat. 81), are hereby repealed.

"Sec. 210. Section 202 (a) of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

"(a) The term "person" includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivision, or any agency of any of the foregoing: *Provided*, That no punishment provided by this act shall apply to the United States, or to any such government, political subdivision, or government agency."

"Sec. 211. Nothing in this act or in the Housing and Rent Act of 1947, as amended, shall be construed to require any person to offer any housing accommodations for rent."

Mr. HALLECK (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. DOLLINGER. Mr. Chairman, I offer an amendment to limit the 20-percent increase.

The CHAIRMAN. The gentleman cannot explain his amendment.

The Clerk read as follows:

Amendment offered by Mr. DOLLINGER: Page 78, line 12, strike out all of subsection (n) through line 9 on page 79.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. DOLLINGER] to the committee amendment.

The question was taken; and on a division (demanded by Mr. DOLLINGER) there were—ayes 43, noes 144.

So the amendment to the committee amendment was rejected.

Mr. McDONOUGH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McDONOUGH: Page 75, line 13, strike out all after the word "prevailing" down to the second comma in line 15 and insert "at the time rent control is established."

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. McDONOUGH] to the committee amendment.

The question was taken; and on a division (demanded by Mr. McDONOUGH) there were—ayes 119, noes 103.

Mr. SPENCE. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. PATMAN and Mr. McDONOUGH.

The Committee again divided; and the tellers reported that there were—ayes 161, noes 140.

So the amendment to the committee amendment was agreed to.

Mr. WILLIAMS of Mississippi. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. WILLIAMS of Mississippi to the committee amendment: On page 82, strike out all of lines 13 through 25, inclusive, and insert in lieu thereof the following section:

"Sec. 206. Section 209 of the Housing and Rent Act of 1947, as amended, is hereby further amended to read as follows:

"Whenever in the judgment of the President such action is necessary or proper in order to effectuate the purposes of this act, he may, by regulation or order, regulate or prohibit speculative or manipulative practices or renting or leasing practices (not including practices relating to recovery of the possession) in connection with any controlled housing accommodations, which in his judgment are equivalent to or are likely to result in rent increases inconsistent with the purposes of this act."

And renumber the following sections accordingly.

The CHAIRMAN. The question is on the amendment to the committee amendment.

The question was taken; and on a division (demanded by Mr. WILLIAMS of Mississippi) there were—ayes 46, noes 97.

So the amendment to the committee amendment was rejected.

Mr. COLE of Kansas. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. COLE of Kansas to the committee amendment:

Page 73, line 18, insert a new subsection (a) as follows:

"Sec. 203 (a). Section 204 (b) of the Housing and Rent Act of 1947, as amended, is amended by adding at the end thereof the following:

"(6) The real estate construction credit controls imposed under title VI of the Defense Production Act of 1950 shall be suspended in any area subject to the provisions of this subsection, to the same extent and under the same conditions as such credit controls are suspended under section 203 (m) of this title."

Page 73, line 18, insert the letter "(b)" following the words "Sec. 203."

Page 75, line 2, strike out the word "housing" and insert in lieu thereof the word "rental."

Page 75, line 9, strike out the word "housing" and insert in lieu thereof the word "rental."

Page 75, line 20, strike out the word "housing" and insert in lieu thereof the word "rental."

Page 75, line 23, strike out the word "housing" and insert in lieu thereof the word "rental."

Page 76, line 6, strike out the word "housing" and insert in lieu thereof the word "rental."

Page 76, line 22, strike out the word "housing" and insert in lieu thereof the word "rental."

Page 78, line 3, strike out the word "housing" and insert in lieu thereof the word "rental."

Page 78, line 8, strike out the word "housing" and insert in lieu thereof the word "rental."

Mr. MULTER. Mr. Chairman, I make the point of order against the amendment that it is not germane to the committee amendment.

This deals with credit restrictions and not rent controls.

Mr. COLE of Kansas. Mr. Chairman, I would like to be heard on the point of order.

The CHAIRMAN. The Chair will be glad to hear the gentleman from Kansas.

Mr. COLE of Kansas. Mr. Chairman, the provision in the bill, in the commit-

tee amendment, with respect to rent control, has a section with respect to the suspension of regulation X. This provides a mandatory provision requiring that where an area is deemed to be under rent control, then in that area regulation X shall be suspended. Part of that provision is already in the present bill at page 76, line 21.

Mr. MULTER. Mr. Chairman, I withdraw the point of order.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas [Mr. COLE], to the committee amendment.

The question was taken; and on a division (demanded by Mr. COLE of Kansas) there were—ayes 107, noes 135.

So the amendment to the committee amendment was rejected.

Mr. KEOGH. Mr. Chairman, I offer an amendment to the committee amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. KEOGH to the committee amendment:

Page 83, after line 16, insert the following new subsection:

"(c) Section 4 of such act is amended by adding at the end thereof the following new subsection:

"(f) For the purposes of this section, any parent of a member of the Armed Forces of the United States who lost his life in the armed services of the United States since September 16, 1940 shall be considered to be a member of the family of a veteran of World War II."

The CHAIRMAN. The question is on the amendment to the committee amendment.

The question was taken; and on a division (demanded by Mr. KEOGH) there were—ayes 181, noes 4.

So the amendment to the committee amendment was agreed to.

Mr. McDONOUGH. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. McDONOUGH to the committee amendment: On page 76, after line 20, insert the following new sentences: "Beginning on page 76, after line 20, insert the following new sentences: 'If any locality which has been decontrolled as a result of action by its local governing body under paragraph (3) of subsection (j) of this section is included in an area certified under this subsection as a critical defense-housing area the President shall promptly notify the local governing body of that fact, and shall not establish any maximum rent for any housing accommodation in the locality until 60 days have elapsed after the date on which such notice is given. If, within such 60-day period, the local governing body adopts a resolution in accordance with applicable local law and based upon a finding by it reached as the result of a public hearing held after 10 days' notice, that any of the conditions listed in paragraphs (A), (B), and (C) of this subsection does not exist in the locality, the certification involved shall have no effect with respect to the locality for the purposes of this subsection and subsection (m) of this section. The preceding two sentences shall not apply with respect to any housing accommodation occupied by or by the family of, a member of the Armed Forces who is stationed at an Armed Forces installation in or adjacent to the locality.'"

Mr. MASON (interrupting the reading of the amendment). Mr. Chair-

man, I ask unanimous consent that the reading of the amendment be dispensed with, inasmuch as the gentleman from California [Mr. McDONOUGH] has already explained the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. HINSHAW and Mr. DONDERO objected.

The Clerk concluded the reading of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. McDONOUGH] to the committee amendment.

Mr. CRAWFORD. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. PATMAN and Mr. McDONOUGH.

The Committee divided; and the tellers reported that there were—ayes 160, noes 140.

So the amendment to the committee amendment was agreed to.

Mr. SABATH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SABATH to the committee amendment: Page 83, strike out lines 1 to 6, inclusive.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. SABATH].

The question was taken; and on a division (demanded by Mr. SABATH) there were—ayes 97, noes 145.

Mr. SABATH. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. SABATH and Mr. WOLCOTT.

The Committee again divided; and the tellers reported that there were—ayes 127, noes 145.

So the amendment to the committee amendment was rejected.

Mr. KENNEDY. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. KENNEDY to the committee amendment: Page 78, line 16, after the words "be increased", strike out "120 per centum" and insert "110 per centum."

The amendment to the committee amendment was rejected.

Mr. SASSCER. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. SASSCER to the committee amendment: Page 83, line 21, insert "(a)" after "210", and on page 84, after line 6, insert the following new subsection: "(b) Section 204 (1) of such act is amended by adding at the end thereof the following new paragraph:

"(7) The President shall establish for each housing accommodation in the suburban resettlement project known as Greenbelt, Md., a maximum rent equal to 120 per centum of the rent in effect on January 30, 1942, plus or minus such adjustments as are provided in subsection (b) (1) of this section with respect to maximum rents established under the Emergency Price Control Act of 1942, as amended."

The CHAIRMAN. The question is on the amendment to the committee amendment.

The question was taken; and on a division (demanded by Mr. SASSCER) there were—ayes 103, noes 7.

So the amendment to the committee amendment was agreed to.

Mr. SPENCE. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. SPENCE to the committee amendment: On page 72, lines 4 and 5, strike out "June 30, 1951" and insert in lieu thereof "July 31, 1951."

The CHAIRMAN. The question is on the amendment to the committee amendment offered by the gentleman from Kentucky [Mr. SPENCE].

The amendment to the committee amendment was agreed to.

Mr. SPENCE. Mr. Chairman, I offer another amendment.

The Clerk read as follows.

Amendment offered by Mr. SPENCE to the committee amendment: On page 83, line 15, strike out "June 30, 1951" and insert in lieu thereof "July 31, 1951."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky [Mr. SPENCE] to the committee amendment.

The amendment to the committee amendment was agreed to.

Mr. MULTER. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER to the committee amendment: Page 84, after line 9, insert a new section as follows:

"Sec. 212. For a period of 120 days immediately following the date of enactment of this section, all rents on farm, commercial, industrial, and dwelling property shall be maintained at levels not exceeding the rents prevailing on July 7, 1951."

The CHAIRMAN. The question is on the amendment to the committee amendment offered by Mr. MULTER.

The question was taken; and on a division (demanded by Mr. MULTER) there were—ayes 53, noes 131.

So the amendment to the committee amendment was rejected.

The CHAIRMAN. The question recurs on the committee amendment as amended.

The committee amendment as amended was agreed to.

Mr. SPENCE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SPENCE: On page 50, line 4, add the following:

"(b) Section 704 of the Defense Production Act of 1950 is amended by adding at the end thereof the following: 'agricultural import restrictions which are not necessary to enforce allocation measures shall not be applied under this act if the Secretary of Agriculture considers that they would be likely to affect adversely the agricultural export trade of the United States.'"

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I make a point of order against the amendment, that it is not germane to this section of the bill. The

amendment properly should be offered to an amendment which was adopted on July 10 in Committee of the Whole. The amendment at this point is out of order.

Mr. SPENCE. Mr. Chairman, I offered the amendment before we reached this section. The amendment was at the Clerk's desk and the Chairman told me he would recognize me after the committee amendment was acted upon.

The CHAIRMAN. The Chair so advised the gentleman.

Does the gentleman from Minnesota desire to be heard further on the point of order?

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I made a point of order to this amendment because it is not germane to this section. The amendment properly belongs to an amendment that was adopted in the Committee of the Whole on July 10 in connection with an amendment that I offered in Committee of the Whole. The amendment properly belongs at that place and not at the place where the gentleman from Kentucky [Mr. SPENCE] seeks to place it now.

Furthermore, this amendment has not had any consideration, either in the Committee on Banking and Currency or on this floor. There is no time to debate it, and certainly an amendment that seeks to nullify an amendment that has already been acted upon and has no place here and should be ruled out of order.

The CHAIRMAN (Mr. MILLS). The gentleman from Kentucky [Mr. SPENCE], offers an amendment to the bill, proposing to amend section 704 of the Defense Production Act. The gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] makes a point of order against the amendment on the ground that the subject matter of the amendment is not germane to the bill nor to the section of the Defense Production Act referred to.

The Chair has had an opportunity to read section 704 of the Defense Production Act. Section 704 relates to certain power which the President has under the act, to issue rules, regulations, orders, et cetera, which he deems necessary. The amendment, however, refers to action on the part of the Secretary of Agriculture in certain circumstances and in connection with agricultural imports, which do not appear to be a part of section 704.

The Chair has been unable to find any reference to that subject matter in section 704. Therefore, the Chair is constrained to sustain the point of order made by the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] to the amendment offered by the gentleman from Kentucky [Mr. SPENCE].

Mr. SPENCE. Mr. Chairman, I desire to offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SPENCE: At page 50, line 4, add the following:

"(B) Section 704 of the Defense Production Act is amended by adding at the end thereof the following: 'No rule, regulation, or order shall be issued by the President under this act, dealing with agricultural import restrictions, which are not necessary'

to enforce allocation measures, if the President considers that they would be likely to affect adversely the agricultural export trade of the United States."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky.

The question was taken; and on a division (demanded by Mr. SPENCE) there were—ayes 106, noes 143.

So the amendment was rejected.

Mr. MULTER. Mr. Chairman, I offer an amendment to page 45.

The Clerk read as follows:

Amendment offered by Mr. MULTER: On page 45, after line 6, insert the following: "(e) SEC. 607. In order to equalize the benefits of veterans to those of nonveterans as provided for herein, any veteran of World War II who has not borrowed any money for the purchase of a home, if otherwise entitled thereto, shall qualify for a guaranteed housing loan to the extent of \$7,500, less any sums borrowed by such veteran for other than housing purposes, and on the same terms and conditions as to amortization and maturity as provided for in existing law, or any amendments thereto."

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. MULTER].

The question was taken; and on a division (demanded by Mr. MULTER) there were—ayes 106, noes 126.

Mr. MULTER. Mr. Chairman, I demand tellers.

Tellers were refused.

So the amendment was rejected.

Mr. BOW. Mr. Chairman, I offer an amendment.

The Clerk read, as follows:

Amendment offered by Mr. Bow: Page 50, after line 3, insert the following new subsection:

"(b) Section 704 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new sentence: 'No rule, regulation, or order issued under this act which restricts the use of natural gas (either directly, or by restricting the use of facilities for the consumption of natural gas, or in any other manner) shall apply in any State in which a public regulatory agency has authority to restrict the use of natural gas and certifies to the President that it is exercising that authority to the extent necessary to accomplish the objectives of this act.'"

Mr. MILLER of Nebraska. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MILLER of Nebraska. I thought that was an amendment that was accepted by the chairman of the committee.

The CHAIRMAN. The amendment has not been voted on yet.

The question is on the amendment offered by the gentleman from Ohio [Mr. Bow].

The amendment was agreed to.

Mr. KEATING. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KEATING: Page 51, line 22, insert a new subsection reading as follows:

"(e) Section 709 of the Defense Production Act of 1950 is amended to read as follows: 'The functions exercised under this act shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237)

except as to the requirements of section 3 thereof. Any rule, regulation, or order, or amendment thereto, issued under authority of this act shall be accompanied by a statement that in the formulation thereof there has been consultation with a representative advisory committee appointed pursuant to this act, and that consideration has been given to its recommendations, or that special circumstances have rendered such consultation impracticable or contrary to the interest of national defense, but no such rule, regulation, or order shall be invalid by reason of any subsequent finding by judicial or other authority that such a statement is inaccurate.'"

And renumber subsequent subsections (e) and (f), as (f) and (g), respectively.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. KEATING].

The amendment was rejected.

Mr. MULTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER: Page 42, line 19, insert, after section 106, the following:

"Section 601 of the Defense Production Act of 1951 is hereby amended to read as follows: 'To assist in carrying out the objectives of this act, the President is authorized, notwithstanding the provisions of any other law to exercise any and all credit controls including but not limited to control of consumer credit and real-estate credit until such time as the President determines that the exercise of any or all of such controls is no longer necessary or until such time as the Congress by concurrent resolution determines that the exercise of any or all of such controls is no longer necessary, but in no event beyond the date on which this section terminates.'"

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. MULTER].

The amendment was rejected.

Mr. MULTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER. At page 45, after line 6, insert the following:

"(d) SEC. 606. In order to protect the Nation's monetary, banking, and credit structure, and interstate and foreign commerce, against increased inflationary pressures, and to prevent injurious credit expansion, the Board of Governors of the Federal Reserve System are authorized, notwithstanding any other provision of law, to establish and from time to time change by regulation the requirements as to reserves to be maintained against demand or time deposits or both (1) by banks in central reserve cities, or (2) by banks in reserve cities, or (3) by banks not in reserve or central reserve cities, or (4) by all banks; but no such change shall have the effect of requiring any such bank to maintain a reserve balance against its time deposits in an amount equal to more than 9 percent thereof, or a reserve balance against its demand deposits in an amount equal to more than 34 percent thereof if such bank is in a central reserve city, 28 percent thereof if in a reserve city, or 22 percent thereof if not in a reserve or central reserve city. No change in reserve requirements made under authority of this paragraph shall continue in effect after June 30, 1953."

Mr. WOLCOTT. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. WOLCOTT. Mr. Chairman, I make the point of order against the

amendment that in substance, if not in language, the amendment seeks to amend the Federal Reserve Act, and in that respect is not germane to the subject matter of this bill. As I understand, it is sought to increase the reserve requirements of banks. These are established under authority contained in the Federal Reserve Act. Inasmuch as this bill has no language in it which amends, modifies, or repeals in any respect the rediscount rates, reserve requirements, or other functions of the Federal Reserve Board, excepting those which have been delegated to it under this act in the administration of the direct controls as opposed to the indirect controls, it is not germane to this act.

The CHAIRMAN. The Chair will be glad to hear the gentleman from New York.

Mr. MULTER. There is no doubt, Mr. Chairman, but what title 6 of the Defense Production Act deals with the authority of the Board of Governors of the Federal Reserve bank in connection with controlled credit. We have a title in this bill which deals with the same subject.

The CHAIRMAN. Will the gentleman point out the title?

Mr. MULTER. Title 6 of the law entitled "Control of Consumer and Real-estate Credit." "The Board of Governors is authorized, notwithstanding the provisions of Public Law 386, to exercise consumer credit," and so forth. The language in the bill before us, beginning at page 42, under the title "Control of credit," starting at line 18 and continuing for several pages thereafter, deals with credit, and with the Federal Reserve Board and its authority.

Mr. WOLCOTT. Mr. Chairman, if I may be heard further, this presents a question of basic misunderstanding in respect to credit. I was certain that the gentleman from New York understood the difference between indirect controls and direct controls, but it is very obvious, if he insists upon this language to this bill, that he does not know the difference between indirect controls exercised under the Federal Reserve Act, and direct controls which we make possible under this act the administration of which is delegated to the Federal Reserve Board.

Mr. MULTER. The question is not what I understand. The question is whether the gentleman on the other side and his colleagues want to go on record for the principle for which they have been clamoring. This is their chance to vote for the indirect controls they told us are so necessary to control inflation.

Mr. CRAWFORD. Mr. Chairman, may I be heard?

The CHAIRMAN. The Chair will hear the gentleman.

Mr. CRAWFORD. Mr. Chairman, the Federal Reserve Banking Act approved by the Congress about 1913, and the amendments thereto, sets forth very basic and understandable powers that the Board of Governors of the Federal Reserve System and that the Open Markets Committee of the Federal Reserve System may exercise. Among powers provided for in that act are those per-

mitting the Federal Reserve bank, through its Board of Governors, to determine the amount of the Reserve's member banks must have on deposit in the Federal Reserve banks. Through the exercise of this power the Board of Governors can substantially control the amount of credit created by the System and therefore can contract or expand the supply of check-book money available for the economy. This reserve power is one of the highest powers possessed by the Federal Reserve System.

These reserve powers are a part of the machinery which is designed for the control of the lending power of the banks, into law for the specific purpose of expanding or contracting the supply of currency or credit as both are used in the operation of our economic system.

If I understood the amendment correctly, it goes directly to the increasing of the reserve powers of the Federal Reserve Board in line with the basic provisions of the Federal Reserve law. My contention is that the amendment is not germane to the bill now under consideration or to the section which we are now considering. The amendment would have the effect of amending the Federal Reserve Banking Act instead of merely dealing with the use of credit.

The CHAIRMAN. The Chair is ready to rule.

The gentleman from New York [Mr. MULTER] offers an amendment at page 45, line 6, proposing to insert in title VI of the Defense Production Act of 1950 a new section, section 606. The gentleman from Michigan [Mr. Wolcott] makes a point of order against the amendment offered by the gentleman from New York on the ground that it is not germane to the bill before us or to the Defense Production Act of 1950, as amended.

The Chair has had the opportunity to read the amendment offered by the gentleman from New York. The Chair has also had an opportunity to read portions of title VI of the Defense Production Act of 1950, which has to do with control of consumer and real-estate credit.

The Chair is of the opinion that the amendment offered by the gentleman from New York is actually beyond the scope of the Defense Production Act of 1950 and beyond the scope of the bill before the Committee, H. R. 3871.

The Chair, therefore, sustains the point of order raised by the gentleman from Michigan [Mr. Wolcott].

Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 3871) to amend the Defense Production Act of 1950, and for other purposes, pursuant to House Resolution 281, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment?

Mr. SPENCE. Mr. Speaker, I demand a separate vote on the following amendments:

Amendment offered by Mr. AUGUST H. ANDRESEN, on page 2, line 21.

Amendment offered by Mr. HOPE, on page 2, line 21.

Amendment offered by Mr. WOLCOTT, on page 8, line 25.

Amendment offered by Mr. COLE, on page 15, line 3.

Amendment offered by Mr. POAGE on page 18, line 4.

Amendment offered by Mr. DAVIS, on page 16, line 21.

Amendment offered by Mr. D'EWART, on page 18, line 4.

Mr. SIKES. Mr. Speaker, I demand a separate vote on the amendment offered by the gentleman from Wisconsin [Mr. DAVIS], on page 2, after line 21.

Mr. RABAUT. Mr. Chairman, I demand a separate vote on the Fugate amendment to the committee amendment, the beef roll-back amendment on page 14, line 22.

Mr. YATES. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. YATES. Mr. Speaker, is it in order to ask for a separate vote on the Sabbath amendment at page 83, section 206?

The SPEAKER. The Sabbath amendment was not adopted in Committee of the Whole.

Mr. YATES. It was a motion, however, Mr. Speaker, to strike out a portion of the committee amendment. Is it not therefore in order?

The SPEAKER. Separate votes may be had only on amendments that have been reported by the Committee of the Whole.

Mr. YATES. Has not the amendment been adopted by the Committee, Mr. Speaker?

The SPEAKER. The Sabbath amendment is an amendment to the committee amendment and was not agreed to in Committee.

Mr. MULTER. Mr. Speaker, I demand a separate vote on the Hardy amendment eliminating provisions of Government corporations on page 9, line 21.

Also, Mr. Speaker, I ask for a separate vote on the committee amendment striking out the provisions for commodity speculation on page 45.

Also, Mr. Speaker, a separate vote on the committee amendment striking out provisions for licensing, appearing on page 20.

Mr. YATES. Mr. Speaker, a further parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. YATES. Mr. Speaker, may a separate vote be taken on a portion of a committee amendment, namely section 206 (a) and (b) on page 83?

The SPEAKER. A separate vote cannot be had on a portion of the amendment reported by the Committee of the Whole. The amendment must be voted on in its entirety as reported by the Committee of the Whole.

Is a separate vote demanded on any other amendment?

If not, the Chair will put them en gross.

The amendments were agreed to.

The SPEAKER. The Clerk will report the first amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment offered by Mr. AUGUST H. ANDRESEN: On page 2 immediately following line 21, title I of the Defense Production Act of 1950 is hereby amended by adding the following section:

"Sec. 104. That import controls of fats and oils (including oil-bearing materials, fatty acids, and soap and soap powder, but excluding petroleum and petroleum products and coconuts and coconut products), peanuts, butter, cheese and other dairy products, and rice and rice products are necessary for the protection of the essential security interests and economy of the United States in the existing emergency in international relations, and no imports of any such commodity or product shall be admitted to the United States until after June 30, 1953, which would (a) impair or reduce the domestic production of any such commodity or product below present production levels, or below such higher levels as the Secretary of Agriculture may deem necessary in view of domestic and international conditions, or (b) interfere with the orderly domestic storing and marketing of any such commodity or product, or (c) result in any unnecessary burden or expenditures under any Government price-support program."

The SPEAKER. The question is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. SPENCE) there were—ayes 173, noes 118.

Mr. SPENCE. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 265, nays 148, not voting 19, as follows:

[Roll No. 118]

YEAS—265

Aandahl	Brown, Ohio	D'Ewart
Abbitt	Brownson	Dolliver
Abernethy	Bryson	Dondero
Adair	Budge	Dorn
Albert	Buffett	Doughton
Allen, Calif.	Burdick	Eaton
Allen, Ill.	Burleson	Elliott
Allen, La.	Bush	Ellsworth
Andersen,	Butler	Elston
H. Carl	Byrnes, Wis.	Evins
Anderson, Calif.	Camp	Fellows
Andresen,	Cannon	Fenton
August H.	Carlyle	Fernandez
Andrews	Chelf	Fisher
Arends	Chenoweth	Forrester
Armstrong	Chipperfield	Frazier
Auchincloss	Church	Fugate
Ayres	Clevenger	Gamble
Baker	Cole, Kans.	Gathings
Barden	Cole, N. Y.	Gavin
Bates, Mass.	Colmer	George
Battle	Cooley	Golden
Beall	Cooper	Goodwin
Beamer	Cotton	Gore
Belcher	Cox	Graham
Bennett, Mich.	Crawford	Granger
Berry	Crumpacker	Grant
Betts	Cunningham	Gross
Bishop	Curtis, Mo.	Gwinn
Blackney	Curtis, Nebr.	Hagen
Boggs, Del.	Dague	Hale
Bonner	Davis, Ga.	Hall
Bow	Davis, Tenn.	Edwin Arthur
Boykin	Davis, Wis.	Hall
Bramblett	DeGraffenried	Leonard W.
Bray	Dempsey	Halleck
Brehm	Denny	Hand
Brooks	Denton	Harden
Brown, Ga.	Devereux	Hardy

Harris
Harrison, Wyo.
Harvey
Hays, Ohio
Hébert
Herlong
Hess
Hill
Hillings
Hinshaw
Hoeven
Hoffman, Ill.
Hoffman, Mich.
Holmes
Hope
Horan
Hull
Hunter
Jackson, Calif.
James
Jarman
Jenison
Jenkins
Jensen
Johnson
Jonas
Jones, Ala.
Jones, Mo.
Jones, Hamilton C.
Jones, Woodrow W.
Judd
Kerr
Kersten, Wis.
Kilburn
Larcade
LeCompte
Lind
Lovre
Lucas
Lyle
McConnell
McCulloch
McDonough
McGregor
McMillan
McMullen
McVey
Mack, Wash.
Mahon
Mansfield

Marshall
Martin, Iowa
Martin, Mass.
Mason
Morrow
Miller, Md.
Miller, Nebr.
Miller, N. Y.
Mills
Morris
Morrison
Morton
Moulder
Murdock
Murray, Tenn.
Nelson
Nicholson
Norrell
O'Hara
O'Konski
Ostertag
Patten
Phillips
Pickett
Poage
Potter
Poulson
Preston
Prouty
Rains
Redden
Reece, Tenn.
Reed, Ill.
Reed, N. Y.
Rees, Kans.
Regan
Riley
Rivers
Roberts
Robeson
Rogers, Fla.
Rogers, Mass.
Rogers, Tex.
Sadlak
St. George
Schwabe
Scott, Hardie
Scott, Hugh D., Jr.
Scrivner
Scudder
Secrest

Seely-Brown
Shafer
Sheehan
Short
Sikes
Simpson, Ill.
Simpson, Pa.
Smith, Kans.
Smith, Miss.
Smith, Va.
Smith, Wis.
Springer
Stanley
Steed
Stefan
Stigler
Stockman
Taber
Tackett
Talle
Teague
Thompson, Mich.
Tollefson
Trimble
Vail
Van Pelt
Van Zandt
Vaughn
Velde
Vinson
Vorys
Vursell
Watts
Welch
Werdell
Wharton
Wheeler
Whitaker
Whitten
Wickersham
Wigglesworth
Williams, Miss.
Williams, N. Y.
Willis
Wilson, Ind.
Wilson, Tex.
Winstead
Withrow
Wolcott
Wood, Ga.
Wood, Idaho

NAYS—148

Addonizio
Anfuso
Angell
Aspinall
Bailey
Bakewell
Baring
Barrett
Bates, Ky.
Beckworth
Bender
Bennett, Fla.
Bentsen
Blatnik
Bolling
Bolton
Bosone
Buckley
Burnside
Burton
Byrne, N. Y.
Canfield
Carnahan
Case
Celler
Chudoff
Clemente
Combs
Corbett
Coudert
Cresser
Dawson
Deane
Delaney
Dingell
Dollinger
Donohue
Donovan
Doyle
Eberhart
Engle
Fallon
Felghan
Fine
Flood
Fogarty
Forand
Ford
Fulton
Furcolo

Garmatz
Gary
Gordon
Granahan
Green
Greenwood
Gregory
Harrison, Va.
Hart
Havener
Hays, Ark.
Hedrick
Heffernan
Heller
Heseltan
Howell
Irving
Jackson, Wash.
Javits
Karsten, Mo.
Kean
Kearney
Kearns
Keating
Kelly, N. Y.
Kennedy
Keogh
Kilday
King
Kirwan
Klein
Kluczynski
Lane
Lanham
Lantaff
Lesinski
McCarthy
McGuire
McKinnon
Machrowicz
Mack, Ill.
Madden
Magee
Meader
Miller, Calif.
Mitchell
Morano
Morgan

Multer
Mumma
Murphy
O'Brien, Ill.
O'Brien, Mich.
O'Neill
O'Toole
Patman
Patterson
Perkins
Philbin
Polk
Powell
Price
Priest
Quinn
Rabaut
Ramsay
Rankin
Reams
Rhodes
Ribicoff
Richards
Riley
Rivers
Roberts
Robeson
Rodino
Rogers, Colo.
Rogers, Fla.
Rogers, Tex.
Rooney
Roosevelt
Sabath
Sasser
Shelley
Sheppard
Sieminski
Sikes
Simpson, Ill.
Simpson, Pa.
Smith, Miss.
Smith, Va.
Spence
Springer
Staggers
Stanley
Steed
Stigler
Stockman
Tackett
Taylor
Teague
Thomas
Thompson, Tex.
Thornberry
Towe
Walter
Welch
Widnall
Wolverton
Yates
Yorty
Zablocki

NOT VOTING—19

Boggs, La.
Breen
Busbey
Chatham
Durham
Gillette
Gossett

Herter
Holfield
Kelley, Pa.
Latham
Murray, Wis.
Norblad
Passman

Radwan
Staggers
Sutton
Wier
Woodruff

So the amendment was agreed to.
The Clerk announced the following pairs:

On this vote:
Mr. Gillette for, with Mr. Holfield against.
Mr. Woodruff for, with Mr. Radwan against.
Mr. Busbey for, with Mr. Latham against.
Mr. Durham for, with Mr. Kelley of Pennsylvania against.
Mr. Passman for, with Mr. Wier against.

Until further notice:

Mr. Staggers with Mr. Herter.
Mr. Boggs of Louisiana with Mr. Norblad.
Mr. Chatham with Mr. Murray of Wisconsin.

Mr. EVINS, Mr. DEMPSEY, Mr. JONES of Alabama, Mrs. ROGERS of Massachusetts, and Mr. BATTLE changed their votes from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment on which a separate vote is demanded.

The Clerk read as follows:

Amendment offered by Mr. DAVIS of Wisconsin: On page 2, after line 21, insert a new subsection as follows:

"(c) Add a new section of title 1 of the Defense Production Act of 1950 to read as follows:

"Sec. 104. The President shall establish a single central agency to serve as a claimant to present the construction and supply needs of State and local governments and their tax-supported agencies."

The SPEAKER. The question is on the amendment.

Mr. SPENCE. On that, Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 164, nays 251, not voting 17, as follows:

[Roll No. 119]

YEAS—164

Aandahl
Adair
Allen, Calif.
Allen, Ill.
Andersen,
H. Carl
Anderson, Calif.
Andersen,
August H.
Angell
Arends
Armstrong
Auchincloss
Ayres
Baker
Bakewell
Bates, Mass.
Beall
Beamer
Belcher
Bennett, Mich.
Berry
Betts
Blackney
Boggs, Del.
Bow
Bramblett
Brehm
Brown, Ohio
Budge
Buffett
Burdick
Bush
Butler

Byrnes, Wis.
Chenoweth
Chiperfield
Church
Clevenger
Cole, Kans.
Cole, N. Y.
Corbett
Cotton
Crawford
Crumpacker
Curtis, Mo.
Curtis, Nebr.
Dague
Davis, Ga.
Davis, Wis.
Denny
Devereux
D'Ewart
Dolliver
Dondero
Eaton
Ellsworth
Fellows
Fenton
Ford
Fulton
Gamble
Gavin
George
Golden
Goodwin
Gossett
Graham

Gwinn
Hagen
Hale
Hall
Leonard W.
Halleck
Hand
Harden
Harrison, Wyo.
Harvey
Hij
Hillings
Hinshaw
Hoeven
Hoffman, Ill.
Hoffman, Mich.
Hope
Horan
Hull
Hunter
Jackson, Calif.
James
Jenison
Jenkins
Jensen
Johnson
Kean
Keating
Kersten, Wis.
Kilburn
Lovre
Lucas
McConnell
McDonough

McGregor
McVey
Martin, Iowa
Martin, Mass.
Mason
Meader
Morrow
Miller, Md.
Miller, Nebr.
Miller, N. Y.
Mumma
Nelson
Nicholson
O'Hara
O'Konski
Ostertag
Phillips
Pickett
Potter
Poulson
Prouty
Reams
Reece, Tenn.

Reed, Ill.
Reed, N. Y.
Rees, Kans.
Regan
Riehlman
Rogers, Mass.
Sadlak
St. George
Saylor
Schwabe
Scott, Hardie
Scott, Hugh D., Jr.
Scrivner
Scudder
Shafer
Sheehan
Short
Sittler
Smith, Kans.
Smith, Wis.
Stefan
Taber

Talle
Thompson, Mich.
Towe
Vail
Van Pelt
Van Zandt
Vaughn
Vorys
Vursell
Weichel
Werdell
Wigglesworth
Williams, N. Y.
Wilson, Tex.
Withrow
Wolcott
Wolverton
Wood, Idaho
Zablocki

NAYS—251

Abbit
Abnerthy
Addonizio
Albert
Allen, La.
Andrews
Anfuso
Aspinall
Bailey
Barden
Baring
Barrett
Bates, Ky.
Battle
Beckworth
Bender
Bennett, Fla.
Bentsen
Bishop
Blatnik
Bolling
Bolton
Bonner
Bosone
Boykin
Bray
Brooks
Brown, Ga.
Brownson
Bryson
Buckley
Burleson
Burnside
Burton
Byrne, N. Y.
Camp
Canfield
Cannon
Carlyle
Carnahan
Case
Celler
Chelf
Chudoff
Clemente
Colmer
Combs
Cooley
Cooper
Coudert
Cox
Cresser
Cunningham
Davis, Tenn.
Dawson
Deane
DeGraffenried
Delaney
Klein
Dempsey
Denton
Dingell
Dollinger
Donohue
Donovan
Dorn
Doughton
Doyle
Eberhart
Elliott
Elstott
Engle
Evins
Fallon
Felghan
Fernandez
Fine
Fisher
Flood
Fogarty

Forand
Forrester
Frazier
Fugate
Furcolo
Garmatz
Gary
Gathings
Gordon
Gore
Granahan
Granger
Grant
Green
Greenwood
Gregory
Gross
Hall
Edwin Arthur
Hardy
Harris
Harrison, Va.
Hart
Havener
Hays, Ark.
Hays, Ohio
Hébert
Hedrick
Heffernan
Heller
Herlong
Heseltan
Hess
Holmes
Howell
Irving
Jackson, Wash.
Jarman
Javits
Jonas
Jones, Ala.
Jones, Mo.
Jones, Hamilton C.
Jones, Woodrow W.
Judd
Karsten, Mo.
Kearney
Kearns
Kelly, N. Y.
Kennedy
Keogh
Kerr
Kilday
King
Kirwan
Klein
Kluczynski
Lane
Lanham
Lantaff
Larcade
LeCompte
Lesinski
Lind
Lyle
McCarthy
McCormack
McCulloch
McGrath
McGuire
McKinnon
McMillan
McMullen
Machrowicz
Mack, Ill.
Mack, Wash.
Madden

Magee
Mahon
Mansfield
Marshall
Miller, Calif.
Mills
Mitchell
Morano
Morgan
Morris
Morrison
Morton
Moulder
Muller
Murdock
Murphy
Murray, Tenn.
Norrell
O'Brien, Ill.
O'Brien, Mich.
O'Neill
O'Toole
Patman
Patten
Patterson
Perkins
Philbin
Poage
Polk
Powell
Preston
Priest
Quinn
Rabaut
Rains
Ramsay
Rankin
Redden
Rhodes
Ribicoff
Richards
Riley
Rivers
Roberts
Robeson
Rodino
Rogers, Colo.
Rogers, Fla.
Rogers, Tex.
Rooney
Roosevelt
Sabath
Sasser
Seely-Brown
Shelley
Sheppard
Sieminski
Sikes
Simpson, Ill.
Simpson, Pa.
Smith, Miss.
Smith, Va.
Spence
Springer
Staggers
Stanley
Steed
Stigler
Stockman
Tackett
Taylor
Teague
Thomas
Thompson, Tex.
Thornberry
Tollefson
Trimble

Vinson
Walter
Watts
Welch
Wheeler
Whitaker

Whitten
Wickersham
Widnall
Wier
Williams, Miss.
Willis

Wilson, Ind.
Winstead
Wood, Ga.
Yates
Yorty

Hand
Harden
Hardy
Harris
Harrison, Wyo.
Harvey
Hébert
Herlong
Hill
Hillings
Hinshaw
Hoeven
Hoffman, Ill.
Hoffman, Mich.
Holmes
Hope
Horan
Hull
Hunter
Jackson, Calif.
James
Jarman
Jenison
Jenkins
Jensen
Johnson
Jonas
Jones, Ala.
Jones, Mo.
Jones,
Hamilton C.
Jones,
Woodrow W.

Mahon
Martin, Iowa
Martin, Mass.
Mason
Merron
Miller, Md.
Miller, Nebr.
Miller, N. Y.
Morris
Morrison
Moulder
Mumma
Murray, Tenn.
Nicholson
Norrell
O'Hara
O'Konski
Ostertag
Patten
Phillips
Pickett
Poage
Potter
Poulson
Preston
Prouty
Rankin
Redden
Reece, Tenn.
Reed, Ill.
Reed, N. Y.
Rees, Kans.
Regan
R'chards
Riley
Rivers
Roberts
Robeson
Rogers, Colo.
Rogers, Fla.
Rogers, Tex.
Sadlak
St. George
Saylor
Schwabe
Scrivner
Scudder
Secrest
Shafer
Sheehan
Short

Simpson, Ill.
Simpson, Pa.
Sittler
Smith, Kans.
Smith, Miss.
Smith, Va.
Smith, Wis.
Springer
Stanley
Steed
Stefan
Stigler
Stockman
Taber
Tackett
Talle
Teague
Thompson,
Mich.
Thompson, Tex.
Thornberry
Tolliefson
Towe
Vail
Van Pelt
Van Zandt
Vaughn
Velde
Vinson
Vorys
Vursell
Weichel
Werdell
Wharton
Wheeler
Whitaker
Whitten
Wickersham
Widnall
Williams, Miss.
Williams, N. Y.
Willis
Wilson, Ind.
Wilson, Tex.
Winstead
Withrow
Wolcott
Wood, Ga.
Wood, Idaho

Sikes
Spence
Staggers
Taylor
Thomas

Trimble
Walter
Watts
Welch
Wier

Wigglesworth
Wolverton
Yates
Yorty
Zablocki

NOT VOTING—17

Boggs, La.
Breen
Busbey
Chatham
Durham
Gillette

Herter
Hollifield
Kelley, Pa.
Latham
Murray, Wis.
Norblad

Passman
Radwan
Sutton
Wharton
Woodruff

So the amendment was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Gillette for, with Mr. Durham against.
Mr. Woodruff for, with Mr. Radwan against.
Mr. Busbey for, with Mr. Latham against.

Until further notice:

Mr. Sutton with Mr. Herter.
Mr. Hollifield with Mr. Wharton.
Mr. Kelley of Pennsylvania with Mr. Norblad.
Mr. Boggs of Louisiana with Mr. Murray of Wisconsin.

Messrs. COX, GORDON, KLUCZYNSKI and WOOD of Georgia changed their votes from "yea" to "nay."

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment on which a separate vote is demanded.

The Clerk read as follows:

Amendment offered by Mr. HOPE: On page 2, after line 21, insert a new paragraph as follows:

"Section 101 of the Defense Production Act of 1950 is amended by adding at the end thereof the following: "No restriction, quota, or other limitation shall be placed upon the quantity of livestock which may be slaughtered or handled by any processor."

The SPEAKER. The question is on the amendment.

Mr. SPENCE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 249, nays 167, not voting 17, as follows:

[Roll No. 120]

YEAS—249

Aandahl
Abbitt
Abernethy
Adair
Albert
Allen, Calif.
Allen, Ill.
Allen, La.
Andersen,
H. Carl
Anderson, Calif.
Andresen,
August H.
Andrews
Arends
Armstrong
Auchincloss
Ayres
Baker
Barden
Bates, Mass.
Belcher
Bentsen
Berry
Betts
Bishop
Blackney
Boggs, Del.
Bonner
Bow
Boykin
Bramblett
Bray
Brehm
Brooks

Brown, Ga.
Brown, Ohio
Bryson
Budge
Buffett
Burdick
Burleson
Burton
Bush
Butler
Byrnes, Wis.
Camp
Cannon
Carlyle
Chelf
Chenoweth
Chipherfield
Church
Clevenger
Cole, Kans.
Cole, N. Y.
Colmer
Cooley
Cotton
Cox
Crawford
Crumpacker
Cunningham
Curtis, Nebr.
Dague
Davis, Ga.
Davis, Wis.
DeGraffenried
Dempsey
Denny
Halleck

Devereux
D'Ewart
Dolliver
Dondero
Dorn
Doughton
Eaton
Elliott
Ellsworth
Ewins
Fallon
Fellows
Fenton
Fernandez
Fisher
Forrester
Gamble
Gathings
Gavin
George
Golden
Goodwin
Gossett
Graham
Grant
Gregory
Gross
Gwinn
Hagen
Hale
Hall
Edwin Arthur
Hall
Leonard W.
Halleck

Addonizio
Anfuso
Angell
Aspinall
Bailey
Bakewell
Baring
Barrett
Bates, Ky.
Battle
Beall
Beamer
Beckworth
Bender
Bennett, Fla.
Bennett, Mich.
Blatnik
Bolling
Bolton
Bosone
Brownson
Buckley
Burnside
Byrne, N. Y.
Canfield
Carnahan
Case
Celler
Chudoff
Clemente
Combs
Cooper
Corbett
Coudert
Crosser
Curtis, Mo.
Davis, Tenn.
Dawson
Deane
Delaney
Denton
Dingell
Dollinger
Donohue
Donovan
Doye
Eberharter
Elston
Engle
Feighan
Fine

NAYS—167

Flood
Fogarty
Forand
Ford
Frazier
Fugate
Fulton
Furcolo
Garmatz
Gary
Gordon
Gore
Granahan
Granger
Green
Greenwood
Harrison, Va.
Hart
Havenner
Hays, Ark.
Hays, Ohio
Hedrick
Heffernan
Heller
Heseltun
Hess
Howell
Irving
Jackson, Wash.
Javits
Karsten, Mo.
Kean
Kearney
Keating
Kelly, N. Y.
Kennedy
Keogh
Kersten, Wis.
King
Kirwan
Klein
Kluczyński
Lane
Lanham
Lantaff
Lesinski
Lind
McCarthy
McCormack
McGrath
McGuire

McKinnon
Machrowicz
Mack, Ill.
Madden
Magee
Mansfield
Marshall
Meador
Miller, Calif.
Mills
Mitchell
Morano
Morgan
Morton
Multer
Murdock
Murphy
Nelson
O'Brien, Ill.
O'Brien, Mich.
O'Neill
O'Toole
Patman
Patterson
Perkins
Philbin
Polk
Powell
Price
Priest
Quinn
Rabaut
Rains
Ramsay
Reams
Rhodes
Rieboff
Riehlman
Rodino
Rogers, Mass.
Rooney
Roosevelt
Sabath
Sasser
Scott, Hardle
Scott,
Hugh D., Jr.
Seely-Brown
Shelley
Sheppard
Sieminski

NOT VOTING—17

Boggs, La.
Breen
Busbey
Chatham
Durham
Gillette

Herter
Hollifield
Kelley, Pa.
Latham
Murray, Wis.
Norblad

Passman
Radwan
Sutton
Woodruff

So the amendment was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Gillette for, with Mr. Sutton against.
Mr. Woodruff for, with Mr. Radwan against.
Mr. Busbey for, with Mr. Latham against.
Mr. Durham for, with Mr. Hollifield against.
Mr. Passman for, with Mr. Kelley of Pennsylvania against.

Until further notice:

Mr. Boggs of Louisiana with Mr. Herter.
Mr. Chatham with Mr. Murray of Wisconsin.
Mr. Breen with Mr. Norblad.

Messrs. McMULLEN and JUDD changed their vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment upon which a separate vote is demanded.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT as a substitute for the amendment offered by Mr. BUFFETT: Page 8, line 25, strike out subsection (e) and insert in lieu thereof the following:

"(e) When in his judgment it will aid the national defense, the President is authorized to install additional equipment facilities, processes, or improvements to plants, factories, and other industrial facilities owned by the United States Government, and to install Government-owned equipment in plants, factories, and other industrial facilities owned by private persons."

Mr. SPENCE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 232, nays 184, not voting 16, as follows:

[Roll No. 121]

YEAS—232

Aandahl
Abbitt
Abernethy
Adair
Allen, Calif.
Allen, Ill.
Andersen,
H. Carl
Anderson, Calif.
Andresen,
August H.
Andrews
Arends
Armstrong
Auchincloss
Ayres
Baker
Bakewell
Barden
Bates, Mass.
Beall
Beamer
Belcher
Bender
Bennett, Mich.
Berry
Betts
Bishop
Blackney
Boggs, Del.
Bolton

Bow
Boykin
Bramblett
Bray
Brehm
Brown, Ohio
Brownson
Budge
Buffett
Burdick
Burleson
Bush
Butler
Byrnes, Wis.
Canfield
Carlyle
Case
Chenoweth
Chipherfield
Church
Clevenger
Cole, Kans.
Cole, N. Y.
Colmer
Cooley
Corbett
Cotton
Coudert
Cox
Crawford
Crumpacker

Cunningham
Curtis, Mo.
Curtis, Nebr.
Dague
Davis, Ga.
Davis, Wis.
Denny
Devereux
D'Ewart
Dolliver
Dondero
Doughton
Eaton
Ellsworth
Elston
Fellow
Fenton
Fisher
Ford
Forrester
Fulton
Gamble
Gathings
Gavin
George
Golden
Goodwin
Gossett
Graham
Gross
Gwinn

Hagen
Hale
Hall, Edwin Arthur
Hall, Leonard W.
Halleck
Hand
Harden
Harrison, Va.
Harrison, Wyo.
Harvey
Hébert
Heselton
Hess
Hill
Hillings
Hinshaw
Hoeven
Hoffman, Ill.
Hoffman, Mich.
Holmes
Horan
Hunter
Jackson, Calif.
James
Javits
Jenkinson
Jensen
Johnson
Jonas
Jones, Hamilton C.
Jones, Woodrow W.
Judd
Kean
Kearney
Kearns
Keating
Kersten, Wis.
Kilburn
Kilday
Larcade
Latham
LeCompte
Lovre
Lucas

McConnell
McCulloch
McDonough
McGregor
McMullen
McVey
Mack, Wash.
Martin, Iowa
Martin, Mass.
Mason
Meador
Merrow
Miller, Md.
Miller, Nebr.
Miller, N. Y.
Morano
Morton
Mumma
Murray, Tenn.
Nelson
Nicholson
Norrell
O'Hara
O'Konski
Ostertag
Patten
Patterson
Phillips
Pickett
Poage
Potter
Poulson
Prouty
Redden
Reece, Tenn.
Reed, Ill.
Reed, N. Y.
Rees, Kans.
Regan
Riehlman
Rivers
Robeson
Rogers, Fla.
Rogers, Mass.
Rogers, Tex.
Sadlak
St. George
Saylor
Schwabe

Scott, Hardie
Scott, Hugh D., Jr.
Scrivner
Scudder
Seely-Brown
Shafer
Sheehan
Short
Simpson, Ill.
Simpson, Pa.
Sittler
Smith, Kans.
Smith, Va.
Smith, Wis.
Springer
Stanley
Stefan
Stockman
Taber
Talle
Taylor
Teague
Thompson, Mich.
Tollefson
Towe
Vail
Van Pelt
Van Zandt
Vaughn
Velde
Vorys
Vursell
Weichel
Werdell
Wharton
Wheeler
Whitten
Widnall
Wigglesworth
Williams, Miss.
Williams, N. Y.
Wilson, Ind.
Wilson, Tex.
Wolcott
Wolverton
Wood, Ga.
Wood, Idaho

NAYS—184

Addonizio
Albert
Allen, La.
Andrews
Anfuso
Aspinall
Bailey
Baring
Barrett
Bates, Ky.
Battle
Beckworth
Bennett, Fla.
Bentsen
Blatnik
Bolling
Bonner
Bosone
Brooks
Brown, Ga.
Bryson
Buckley
Burnside
Burton
Byrne, N. Y.
Camp
Cannon
Carnahan
Chelf
Chudoff
Clemente
Combs
Cooper
Cresser
Davis, Tenn.
Dawson
Deane
DeGraffenried
Deaney
Dempsey
Denton
Dineen
Dollinger
Donohue
Donovan
Dorn
Doyle
Eberharther
Elliott
Engle
Evins
Fallon

Feighan
Fernandez
Fine
Flood
Fogarty
Forand
Frazier
Fugate
Furcolo
Garmatz
Gary
Gordon
Gore
Granahan
Granger
Grant
Green
Greenwood
Gregory
Hardy
Harris
Kart
Havenner
Hays, Ark.
Hays, Ohio
Hedrick
Heffernan
Heller
Herlong
Howell
Hull
Irving
Jackson, Wash.
Jarman
Jones, Ala.
Jones, Mo.
Karsten, Mo.
Kelly, N. Y.
Kennedy
Keogh
Kerr
King
Kirwan
Klein
Kluczynski
Lane
Lanham
Lantaff
Lesinski
Lind
Ly'e
McCarthy
McCormack

McGrath
McGuire
McKinnon
McMillan
Machrowicz
Mack, Ill.
Madden
Magee
Mahon
Mansfield
Marshall
Miller, Calif.
Mills
Mitchell
Morgan
Morris
Morrison
Moulder
Multer
Murdock
Murphy
O'Brien, Ill.
O'Brien, Mich.
O'Neill
O'Toole
Patman
Perkins
Philbin
Polk
Powell
Preston
Price
Priest
Quinn
Rabaut
Rains
Ramsay
Rankin
Reams
Rhodes
Ribicoff
Richard
Riley
Roberts
Rodino
Rogers, Colo.
Rooney
Roosevelt
Sabath
Sasser
Secrest
Shelley
Sheppard

Sieminski
Sikes
Smith, Miss.
Spence
Staggers
Steed
Stigler
Tackett
Thomas

Thompson, Tex.
Thornberry
Trimble
Vinson
Walter
Watts
Welch
Whitaker
Wickersham

Willis
Winstead
Withrow
Yates
Yorty
Zablocki

NOT VOTING—16

Boggs, La.
Breen
Busbey
Chatham
Durham
Gillette

Herter
Hollifield
Hope
Kelley, Pa.
Murray, Wis.
Norblad

Passman
Radwan
Sutton
Woodruff

So the amendment was agreed to.
The Clerk announced the following pairs:

On this vote:

Mr. Gillette for, with Mr. Kelley of Pennsylvania against.

Mr. Woodruff for, with Mr. Sutton against.
Mr. Busbey for, with Mr. Durham against.

Mr. Passman for, with Mr. Hollifield, against.

Mr. Radwan for, with Mr. Breen against.

Until further notice:

Mr. Boggs of Louisiana with Mr. Herter.
Mr. Chatham with Mr. Hope.

Mr. CASE changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment on which a separate vote is requested.

The Clerk read as follows:

Amendment offered by Mr. HARDY: On page 9, strike out lines 21 through 24, strike out all of page 11 and lines 1 through 6 on page 12 and insert the following:

"(c) Section 304 of the Defense Production Act of 1950 is further amended by striking out subsection (c)."

Appropriately redesignate the other sections.

Mr. SPENCE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.
The question was taken; and there were—yeas 250, nays 167, not voting 15, as follows:

[Roll No. 122]

YEAS—250

Aandahl
Abbott
Abernethy
Adair
Allen, Calif.
Allen, Ill.
Andersen, H. Carl
Anderson, Calif.
Andresen, August H.
Angell
Arends
Armstrong
Auchincloss
Ayres
Baker
Bakewell
Barden
Baring
Bates, Mass.
Beall
Beamer
Belcher
Bender
Bennett, Mich.
Berry
Betts
Bishop
Blackney
Sabath
Bolton
Bonner
Bow
Boykin

Bramblett
Bray
Brehm
Brown, Ohio
Brownson
Bryson
Budge
Buffett
Burleson
Burnside
Burton
Bush
Butler
Byrnes, Wis.
Canfield
Carlyle
Case
Chenoweth
Chiperfield
Church
Clevenger
Cole, Kans.
Cole, N. Y.
Colmer
Corbett
Cotton
Coudert
Crawford
Crumpacker
Cunningham
Curtis, Mo.
Curtis, Nebr.
Dague
Davis, Ga.
Davis, Wis.

Denny
Devereux
D'Ewart
Dolliver
Dondoro
Dorn
Doughton
Eaton
Ellsworth
Elston
Fallon
Fellows
Fenton
Fisher
Ford
Forrester
Fugate
Fulton
Gamble
Gary
Gathings
Gavin
George
Golden
Goodwin
Gossett
Graham
Gross
Gwinn
Hagen
Hale
Hall, Edwin Arthur
Hall, Leonard W.

Halleck
Hand
Harden
Hardy
Harrison, Va.
Harrison, Wyo.
Harvey
Hays, Ohio
Hébert
Heselton
Hess
Hill
Hillings
Hinshaw
Hoeven
Hoffman, Ill.
Hoffman, Mich.
Holmes
Hope
Horan
Hunter
Jackson, Calif.
James
Javits
Jenkinson
Jensen
Johnson
Jonas
Jones, Mo.
Jones, Hamilton C.
Jones, Woodrow W.
Judd
Kean
Kearney
Kearns
Keating
Kersten, Wis.
Kilburn
Lantaff
Latham
LeCompte
Lovre
Lucas
McConnell
McCulloch
McDonough
McGregor
McMillan

McMullen
McVey
Mack, Wash.
Martin, Iowa
Martin, Mass.
Mason
Meador
Merrow
Miller, Md.
Miller, Nebr.
Miller, N. Y.
Mills
Morano
Morton
Mumma
Murray, Tenn.
Nelson
Nicholson
Norrell
O'Hara
O'Konski
Ostertag
Patten
Patterson
Phillips
Pickett
Poage
Potter
Poulson
Prouty
Rankin
Redden
Reece, Tenn.
Reed, Ill.
Reed, N. Y.
Rees, Kans.
Regan
Ribicoff
Richards
Riehlman
Widnall
Rivers
Robeson
Rogers, Fla.
Rogers, Mass.
Rogers, Tex.
Sadlak
St. George
Saylor
Schwabe
Scott, Hardie

Scott, Hugh D., Jr.
Scrivner
Scudder
Seely-Brown
Shafer
Sheehan
Short
Simpson, Ill.
Simpson, Pa.
Sittler
Smith, Kans.
Smith, Miss.
Simpson, Pa.
Sittler
Smith, Kans.
Smith, Va.
Smith, Wis.
Springer
Stanley
Stefan
Stigler
Stockman
Taber
Talle
Taylor
Teague
Thompson, Mich.
Tollefson
Towe
Vail
Van Pelt
Van Zandt
Vaughn
Velde
Vorys
Vursell
Weichel
Werdell
Wharton
Wheeler
Whitten
Widnall
Wigglesworth
Williams, Miss.
Williams, N. Y.
Wilson, Ind.
Wilson, Tex.
Winstead
Wolcott
Wolverton
Wood, Ga.
Wood, Idaho

NAYS—167

Addonizio
Albert
Allen, La.
Andrews
Anfuso
Aspinall
Bailey
Earrett
Bates, Ky.
Battle
Beckworth
Bennett, Fla.
Bentsen
Blatnik
Bolling
Bosone
Brooks
Brown, Ga.
Buckley
Burdick
Byrne, N. Y.
Camp
Cannon
Carnahan
Chelf
Chudoff
Clemente
Combs
Cooley
Cooper
Cox
Cresser
Davis, Tenn.
Dawson
Deane
DeGraffenried
Deaney
Dempsey
Denton
Dingell
Dollinger
Donohue
Donovan
Doyle
Eberharther
Elliott
Engle
Evins
Feighan
Fernandez

Fine
Flood
Fogarty
Forand
Frazier
Furcolo
Garmatz
Gordon
Gore
Granahan
Granger
Grant
Green
Greenwood
Gregory
Harris
Hart
Havenner
Hays, Ark.
Hedrick
Heffernan
Heller
Herlong
Howell
Hull
Irving
Jackson, Wash.
Jarman
Jones, Ala.
Karsten, Mo.
Kelly, N. Y.
Kennedy
Keogh
Kerr
Kilday
King
Kirwan
Klein
Kluczynski
Lane
Lanham
Larcade
Lesinski
Lind
Lyle
McCarthy
McCormack
McGrath
McGuire
McKinnon
Machrowicz

Mack, Ill.
Madden
Magee
Mahon
Mansfield
Marshall
Miller, Calif.
Mitchell
Morgan
Morris
Morrison
Moulder
Multer
Murdock
Murphy
O'Brien, Ill.
O'Brien, Mich.
O'Neill
O'Toole
Patman
Perkins
Philbin
Polk
Powell
Preston
Price
Priest
Quinn
Rabaut
Rains
Ramsay
Reams
Rhodes
Roberts
Rodino
Rogers, Colo.
Rooney
Roosevelt
Sabath
Sasser
Secrest
Shelley
Sheppard
Sieminski
Sikes
Spence
Staggers
Steed
Tackett
Thomas
Thompson, Tex.

Thornberry	Welch	Withrow
Trimble	Whitaker	Yates
Vinson	Wickersham	Yorty
Walter	Wier	Zablocki
Watts	Willis	

NOT VOTING—15

Boggs, La.	Gillette	Norblad
Breen	Herter	Passman
Busbey	Holifield	Radwan
Chatham	Kelley, Pa.	Sutton
Durham	Murray, Wis.	Woodruff

So the amendment was agreed to.
The Clerk announced the following pairs:

On this vote:

Mr. Gillette for, with Mr. Kelley of Pennsylvania against.
Mr. Woodruff for, with Mr. Sutton against.
Mr. Busbey for, with Mr. Holifield against.
Mr. Durham for, with Mr. Breen against.
Mr. Radwan, for with Mr. Passman against.

Until further notice:

Mr. Boggs of Louisiana with Mr. Herter.
Mr. Chatham with Mr. Norblad.

Mr. AYRES changed his vote from "nay" to "yea."

Mr. HOLMES changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment, on which a separate vote has been demanded.

The Clerk read as follows:

Committee amendment: On page 14, line 22, insert "(a) Paragraph (3) of subsection (d) of section 402 of the Defense Production Act of 1950 is amended by inserting after the third sentence thereof the following new sentence: 'No ceiling shall be established or maintained for any agricultural commodity below 90 percent of the price received (by grade) by producers on May 19, 1951, as determined by the Secretary of Agriculture'."

The SPEAKER. The question is on agreeing to the committee amendment.

The question was taken; and on a division (demanded by Mr. McCORMACK) there were—ayes 220, noes 96.

Mr. RABAUT. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 234, nays 183, not voting 15, as follows:

[Roll No. 123]

YEAS—234

Aandahl	Boykin	Crawford
Abbott	Bray	Cunningham
Abernethy	Brehm	Curtis, Nebr.
Adair	Brooks	Dague
Albert	Brown, Ga.	Davis, Ga.
Allen, Calif.	Brown, Ohio	Davis, Tenn.
Allen, Ill.	Bryson	Davis, Wis.
Allen, La.	Budge	Deane
Andersen,	Buffett	DeGraffenried
H. Carl	Burdick	Dempsey
Anderson, Calif.	Burleson	Denny
Andresen,	Burton	Devereux
August H.	Bush	D'Ewart
Andrews	Butler	Dolliver
Arends	Byrnes, W.	Dorn
Armstrong	Camp	Doughton
Aspinall	Cannon	Eaton
Baker	Carlyle	Elliott
Barden	Chelf	Ellsworth
Beamer	Chenoweth	Elston
Beckworth	Chipperfield	Evins
Belcher	Church	Fellows
Bentsen	Clevenger	Fernandez
Berry	Cole, Kans.	Fisher
Betts	Cole, N. Y.	Forrester
Bishop	Colmer	Frazier
Blackney	Combs	Fugate
Boggs, Del.	Cooley	Gathings
Bonner	Cooper	Gavin
Bow	Cox	George

Golden	McCulloch	Schafer
Goodwin	McGregor	Short
Gore	McMillan	Sikes
Gossett	McMullen	Simpson, Ill.
Graham	McVey	Simpson, Pa.
Grant	Magee	Smith, Kans.
Gregory	Mahon	Smith, Miss.
Gross	Marshall	Smith, Va.
Gwinn	Martin, Iowa	Smith, Wis.
Hagen	Martin, Mass.	Springer
Haleck	Mason	Stanley
Harden	Miller, Md.	Steed
Hardy	Miller, Nebr.	Stefan
Harris	Mills	Stigler
Harrison, Va.	Morris	Stockman
Harrison, Wyo.	Morrison	Taber
Harvey	Moulder	Tackett
Hays, Ark.	Mumma	Talle
Hays, Ohio	Murdock	Teague
Hébert	Murray, Tenn.	Thompson,
Herlong	Nicholson	Mich.
Hill	Norrell	Thompson, Tex.
Hoeven	O'Hara	Thornberry
Hoffman, Ill.	O'Konski	Towe
Hoffman, Mich.	Patten	Trimble
Holmes	Phillips	Vail
Hope	Pickett	Van Pelt
Horan	Poage	Velde
Hunter	Potter	Vinson
Jarman	Preston	Vorys
Jenison	Prouty	Vursell
Jankins	Rains	Watts
Jensen	Rankin	Weichel
Johnson	Redden	Werdel
Jonas	Reece, Tenn.	Wharton
Jones, Ala.	Reed, Ill.	Wheeler
Jones, Mo.	Reed, N. Y.	Whitaker
Jones,	Rees, Kans.	Whitten
Hamilton C.	Regan	Wickersham
Jones,	Richards	Widnall
Woodrow W.	Riley	Williams, Miss.
Judd	Rivers	Williams, N. Y.
Kilburn	Roberts	Willis
Kilday	Robeson	Wilson, Ind.
Larcade	Rogers, Fla.	Wilson, Tex.
LeCompte	Rogers, Tex.	Winstead
Lovre	St. George	Wolcott
Lucas	Schwabe	Wood, Ga.
Lyle	Scrivner	Wood, Idaho
McCarthy	Scudder	

NAYS—183

Addonizio	Fine	Lane
Anfuso	Flood	Lanham
Angell	Fogarty	Lantaff
Auchincloss	Forand	Latham
Ayres	Ford	Lesinski
Bailey	Fulton	Lind
Bakewell	Furcolo	McConnell
Baring	Gamble	McCormack
Barrett	Garmatz	McDonough
Bates, Ky.	Gordon	McGrath
Bates, Mass.	Granahan	McGuire
Beattie	Granger	McKinnon
Beall	Green	Machrowicz
Bender	Greenwood	Mach, Ill.
Bennett, Fla.	Hale	Mack, Wash.
Bennett, Mich.	Hall	Madden
Blatnik	Hall,	Mansfield
Bolling	Edwin Arthur	Meador
Bolton	Hall,	Merrrow
Bosone	Leonard W.	Miller, Calif.
Bramblett	Hand	Miller, N. Y.
Brownson	Hart	Mitchell
Buckley	Havenner	Morano
Burnside	Hedrick	Morgan
Byrne, N. Y.	Heffernan	Morton
Carfield	Heller	Multer
Carnahan	Heseltun	Murphy
Case	Hess	Nelson
Celler	Hillings	O'Brien, Ill.
Chudoff	Hinshaw	O'Brien, Mich.
Clemente	Howell	O'Neill
Corbett	Hull	Ostertag
Cotton	Irving	O'Toole
Coudert	Jackson, Calif.	Patman
Crosser	Jackson, Wash.	Patterson
Crumpacker	James	Perkins
Curtis, Mo.	Javits	Philbin
Dawson	Karsten, Mo.	Polk
Delaney	Kearney	Poulson
Denton	Kearns	Powell
Dingell	Keating	Price
Dollinger	Kelly, N. Y.	Priest
Dondero	Kennedy	Quinn
Donohue	Keogh	Rabaut
Donovan	Kerr	Ramsay
Doyle	Kersten, Wis.	Reams
Eberhart	King	Rhodes
Eberhart	Kirwan	Ribicoff
Engle	Klein	Riehlman
Fallon	Klucynski	Rodino
Feighan		Rogers, Colo.
Fenton		

Rogers, Mass.	Seely-Brown	Van Zandt
Rooney	Sheehan	Vaughn
Roosevelt	Shelley	Walter
Sabath	Sheppard	Welch
Sadlak	Sieminski	Wier
Sasser	Sittler	Wigglesworth
Saylor	Spence	Withrow
Scott, Hardie	Staggers	Wolverton
Scott,	Taylor	Yates
Hugh D., Jr.	Thomas	Yorty
Secrest	Tollefson	Zablocki

NOT VOTING—15

Boggs, La.	Gillette	Norblad
Breen	Herter	Passman
Busbey	Holifield	Radwan
Chatham	Kelley, Pa.	Sutton
Durham	Murray, Wis.	Woodruff

So the amendment was agreed to.
The Clerk announced the following pairs:

On this vote:

Mr. Sutton for, with Mr. Kelley of Pennsylvania against.
Mr. Busbey for, with Mr. Holifield against.
Mr. Passman for, with Mr. Radwan against.
Mr. Durham for, with Mr. Breen against.

Until further notice:

Mr. Boggs of Louisiana with Mr. Gillette.
Mr. Chatham with Mr. Herter.

Mr. FRAZIER changed his vote from "nay" to "yea."

Mr. HALE changed his vote from "yea" to "nay."

Mr. BEALL changed his vote from "yea" to "nay."

Mr. JOHNSON changed his vote from "nay" to "yea."

Mr. AUCHINCLOSS changed his vote from "yea" to "nay."

Mr. MILLER of New York changed his vote from "yea" to "nay."

Mr. SASSCER changed his vote from "yea" to "nay."

Mr. ROGERS of Colorado changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment offered by Mr. COLE of Kansas: On page 15, after line 3, insert "Paragraph (3) of subsection (d) of section 402, is further amended by inserting after the word 'processing' at the end of the second sentence thereof the following new sentence: 'No ceiling shall be established or maintained on products resulting from the processing of cattle and calves, lambs and sheep, and hogs, the processing of each species being separately considered, which do not allow for a reasonable margin of profit to each segment of the processing industry as a group on each such species'."

The SPEAKER. The question is on the amendment.

Mr. SPENCE. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 166, nays 249, not voting 17, as follows:

[Roll No. 124]

YEAS—166

Aandahl	Andresen,	Beamer
Abernethy	August H.	Belcher
Adair	Arends	Berry
Allen, Calif.	Armstrong	Betts
Allen, Ill.	Ayres	Bishop
Andersen,	Baker	Blackney
H. Carl	Bates, Mass.	Bow
Anderson, Calif.	Beall	Boykin

Eramblett
Bray
Brehm
Brown, Ohio
Bryson
Buffett
Bush
Butler
Byrnes, Wis.
Chenoweth
Chipherfield
Church
Clevenger
Cole, Kans.
Cole, N. Y.
Cooley
Cooper
Corbett
Cox
Crawford
Cunningham
Curtis, Nebr.
Dague
Davis, Ga.
Davis, Tenn.
Davis, Wis.
Denny
Devereux
D'Ewart
Dolliver
Dondero
Dorn
Doughton
Eaton
Ellsworth
Elston
Fellows
Fisher
Ford
Forrester
Gamble
Gathings
Gavin
George
Golden
Goodwin
Gore
Gossett
Graham

Grant
Gregory
Gross
Gwinn
Hagen
Hall,
Edwin Arthur
Hall,
Leonard W.
Halleck
Harden
Harrison, Wyo.
Harvey
Herlong
Hess
Hill
Hoeven
Hoffman, Mich.
Holmes
Horan
Hunter
Jenison
Jenkins
Johnson
Kearns
Kilburn
LeCompte
Lover
Lucas
McCulloch
McGregor
McMullen
McVey
Mahon
Martin, Iowa
Martin, Mass.
Mason
Meador
Miller, Md.
Miller, Nebr.
Morton
Mumma
Murray, Tenn.
Norrell
O'Hara
Phillips

Poage
Potter
Rankin
Reece, Tenn.
Reed, Ill.
Reed, N. Y.
Rees, Kans.
Regan
Richards
Riley
Rivers
Rogers, Fla.
Rogers, Tex.
St. George
Saylor
Schwabe
Scrivner
Scudder
Shafer
Short
Simpson, Ill.
Simpson, Pa.
Smith, Kans.
Smith, Miss.
Smith, Wis.
Stefan
Stockman
Taber
Talle
Thompson, Mich.
Vail
Van Pelt
Vaughn
Velde
Vorys
Weichel
Werdel
Wharton
Wheeler
Whitten
Williams, Miss.
Williams, N. Y.
Wilson, Ind.
Wilson, Tex.
Winstead
Wolcott
Wood, Ga.
Wood, Idaho

NAYS—249

Abbitt
Addonizio
Albert
Allen, La.
Andrews
Anfuso
Angell
Aspinall
Auchincloss
Bailey
Bakewell
Barden
Baring
Barrett
Bates, Ky.
Battle
Beckworth
Bender
Bennett, Fla.
Bennett, Mich.
Bentsen
Blatnik
Boggs, Del.
Bolling
Bolton
Bonner
Bosone
Brooks
Brown, Ga.
Brownson
Buckley
Budge
Burdick
Burleson
Burnside
Burton
Byrne, N. Y.
Camp
Canfield
Cannon
Carlyle
Carnahan
Case
Celler
Chelf
Chudoff
Clemente
Colmer
Combs
Cotton
Coudert
Cresser
Crumpacker

Curtis, Mo.
Dawson
Deane
DeGraffenried
Delaney
Dempsey
Denton
Dingell
Dollinger
Donohue
Donovan
Doyle
Eberhart
Elliott
Engle
Evins
Fallon
Feighan
Fenton
Fernandez
Fine
Flood
Fogarty
Forand
Frazier
Fugate
Fulton
Furcolo
Garmatz
Gary
Gordon
Granahan
Granger
Green
Greenwood
Hale
Hand
Hardy
Harris
Harrison, Va.
Hart
Havenner
Hays, Ark.
Hays, Ohio
Hébert
Hedrick
Heffernan
Heller
Heseltan
Hillings
Hinshaw
Hoffman, Ill.
Howell

Hull
Irving
Jackson, Calif.
Jackson, Wash.
James
Jarman
Javits
Jonas
Jones, Ala.
Jones, Mo.
Jones,
Hamilton C.
Jones,
Woodrow W.
Judd
Karsten, Mo.
Kearney
Keating
Kelly, N. Y.
Kennedy
Keogh
Kerr
Kersten, Wis.
Kilday
King
Kirwan
Klein
Kluczynski
Lane
Lanham
Lantaff
Larcade
Latham
Lesinski
Lind
Lyle
McCarthy
McConnell
McDonough
McGrath
McGuire
McKinnon
McMillan
Machrowicz
Mack, Ill.
Mack, Wash.
Madden
Magee
Mansfield
Marshall
Morrow

Miller, Calif.
Miller, N. Y.
Mills
Mitchell
Morano
Morgan
Morris
Morrison
Moulder
Multer
Murdoch
Murphy
Nelson
O'Brien, Ill.
O'Brien, Mich.
O'Connell
O'Neil
Osterlag
O'Toole
Patman
Patten
Patterson
Perkins
Phillips
Pickett
Polk
Poulson
Powell
Preston
Price
Priest

Prouty
Quinn
Rabaut
Rains
Ramsay
Reams
Redden
Rhodes
Ribicoff
Riehlman
Roberts
Robeson
Rodino
Rogers, Colo.
Rogers, Mass.
Rooney
Roosevelt
Sabath
Sadlak
Scott, Hardie
Scott,
Hugh D., Jr.
Secret
Seely-Brown
Sheehan
Shelley
Sheppard
Sieminski
Sikes
Sittler
Smith, Va.

Spence
Springer
Staggers
Stanley
Steed
Stigler
Tackett
Taylor
Teague
Thomas
Thompson, Tex.
Thornberry
Tollefson
Towe
Trimble
Van Zandt
Vinson
Walter
Watts
Welch
Whitaker
Wickersham
Widnall
Wier
Wigglesworth
Willis
Withrow
Wolverton
Yates
Yorty
Zablocki

NOT VOTING—17

Boggs, La.
Breen
Busbey
Chatham
Durham
Gillette

Herter
Holifield
Kelley, Pa.
Murray, Wis.
Norblad
Passman

Radwan
Sasscer
Sutton
Vursell
Woodruff

So the amendment was rejected.
The Clerk announced the following pairs:

On this vote:
Mr. Herter for, with Mr. Radwan against.
Mr. Woodruff for, with Mr. Holifield against.
Mr. Gillette for, with Mr. Passman against.
Mr. Busbey for, with Mr. Kelley of Pennsylvania against.

Until further notice:

Mr. Boggs of Louisiana with Mr. Vursell.
Mr. Durham with Mr. Norblad.
Mr. Sutton with Mr. Murray of Wisconsin.

Mr. CANNON and Mr. BUDGE changed their vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment on which a separate vote is demanded.

The Clerk read as follows:

Amendment offered by Mr. Davis of Georgia: On page 16, after line 21, insert the following new subsection (b):

"(b) Subsection (d) of section 402 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new paragraph:

"(4) For a period of 120 days immediately following the date of enactment of this paragraph, ceilings on prices, and on wages, salaries, and other compensation, shall be maintained under this section at not exceeding the ceiling levels prevailing on July 7, 1951, except as otherwise provided in paragraph (3)."

Mr. SPENCE. On that I demand the yeas and nays, Mr. Speaker.

The yeas and nays were ordered.

The question was taken; and there were—yeas 172, nays 243, not voting 17, as follows:

[Roll No. 125]

YEAS—172

Aandahl
Abbitt
Abernethy
Adair

Allen, Calif.
Allen, Ill.
Andersen,
H. Carl

Anderson, Calif.
Andresen,
August H.
Andrews

Arends
Ayres
Baker
Barden
Beamer
Belcher
Bennett, Fla.
Berry
Betts
Blackney
Bonner
Bow
Boykin
Bramblett
Bray
Brehm
Brown, Ohio
Brownson
Bryson
Budge
Burleson
Bush
Butler
Cannon
Carlyle
Chenoweth
Chipherfield
Church
Clevenger
Cole, Kans.
Cole, N. Y.
Colmer
Cooley
Cotton
Cox
Crawford
Curtis, Mo.
Curtis, Nebr.
Davis, Ga.
Davis, Wis.
Denny
D'Ewart
Dolliver
Dondero
Dorn
Doughton
Eaton
Elston
Fellows
Fernandez
Fisher
Forrester
Gamble
Gathings
Gavin
George

Golden
Goodwin
Gossett
Graham
Grant
Gross
Gwinn
Hale
Hall,
Leonard W.
Halleck
Hand
Harden
Harrison, Va.
Harrison, Wyo.
Harvey
Hébert
Herlong
Hess
Hill
Hillings
Hoeven
Hoffman, Ill.
Hoffman, Mich.
Hope
Jackson, Calif.
Jenkins
Jensen
Jones, Mo.
Jones,
Hamilton C.
Jones,
Woodrow W.
Kean
Kearns
Kilburn
Larcade
LeCompte
Lover
Lucas
McCulloch
McGregor
McMillan
McMullen
McVey
Mahon
Martin, Iowa
Martin, Mass.
Mason
Meador
Merron
Miller, Md.
Miller, Nebr.
Morton
Mumma
Murray, Tenn.

Nicholson
Norrell
O'Hara
Patten
Phillips
Pickett
Poage
Potter
Redden
Reece, Tenn.
Reed, Ill.
Reed, N. Y.
Rees, Kans.
Regan
Richards
Riley
Rivers
Robeson
Rogers, Fla.
Rogers, Tex.
St. George
Schwabe
Scrivner
Scudder
Shafer
Sheehan
Short
Sikes
Simpson, Pa.
Smith, Kans.
Smith, Va.
Smith, Wis.
Stanley
Stefan
Taber
Talle
Teague
Thompson, Mich.
Towe
Vail
Van Pelt
Vaughn
Velde
Vorys
Werdel
Wharton
Whitten
Williams, Miss.
Wilson, Tex.
Winstead
Wolcott
Wood, Ga.
Wood, Idaho

NAYS—243

Addonizio
Albert
Allen, La.
Anfuso
Angell
Armstrong
Aspinall
Auchincloss
Bailey
Bakewell
Baring
Barrett
Bates, Ky.
Bates, Mass.
Battle
Beall
Beckworth
Bender
Bennett, Mich.
Bentsen
Bishop
Blatnik
Boggs, Del.
Bolling
Bolton
Bosone
Brooks
Brown, Ga.
Buckley
Burdick
Burnside
Burton
Byrne, N. Y.
Byrnes, Wis.
Camp
Canfield
Carnahan
Case
Celler
Chelf
Chudoff
Clemente
Combs
Cooper
Corbett
Coudert

Crosser
Crumpacker
Cunningham
Dague
Davis, Tenn.
Dawson
Deane
DeGraffenried
Delaney
Dempsey
Denton
Dingell
Dollinger
Donohue
Donovan
Doyle
Eberhart
Elliott
Ellsworth
Engle
Evins
Fallon
Feighan
Fenton
Fine
Flood
Fogarty
Forand
Ford
Frazier
Fugate
Fulton
Furcolo
Garmatz
Gary
Gordon
Gore
Granahan
Granger
Green
Greenwood
Gregory
Hagen
Hall,
Edwin Arthur Lyle

Hardy
Harris
Hart
Havenner
Hays, Ark.
Hays, Ohio
Hedrick
Heffernan
Heller
Heseltan
Hinshaw
Holmes
Horan
Howell
Hull
Hunter
Irving
Jackson, Wash.
James
Jarman
Javits
Jenison
Johnson
Jonas
Jones, Ala.
Judd
Karsten, Mo.
Kearney
Keating
Kelly, N. Y.
Kennedy
Keogh
Kerr
Kersten, Wis.
Kilday
King
Kirwan
Klein
Kluczynski
Lane
Lanham
Lantaff
Latham
Lesinski
Lind
Lyle

McCarthy Philbin Sittler
McConnell Polk Smith, Miss.
McCormack Poulson Spence
McDonough Powell Springer
McGrath Preston Staggers
McGuire Price Steed
McKinnon Priest Stigler
Machrowicz Prouty Stockman
Mack, Ill. Quinn Tackett
Mack, Wash. Rabaut Taylor
Madden Rains Thomas
Magee Ramsay Thompson, Tex.
Mansfield Rankin Thornberry
Marshall Reams Tollefson
Miller, Calif. Rhodes Trimble
Miller, N. Y. Ribicoff Van Zandt
Mills Riehlman Vinson
Mitchell Roberts Walter
Morano Rodino Watts
Morgan Rogers, Colo. Weichel
Morris Rogers, Mass. Welch
Morrison Rooney Wheeler
Moulder Roosevelt Whitaker
Multer Sabath Wickersham
Murdock Sadlak Widnall
Murphy Sasser Wier
Nelson Saylor Wigglesworth
O'Brien, Ill. Scott, Hardie Williams, N. Y.
O'Brien, Mich. Scott, Willis
O'Konski Hugh D., Jr. Wilson, Ind.
O'Neill Secrest Withrow
Ostertag Seely-Brown Wolverton
O'Toole Shelley Yates
Patman Sheppard Yorty
Patterson Shepinski Zablocki
Perkins Simpson, Ill.

NOT VOTING—17

Boggs, La. Gillette Passman
Breen Herter Radwan
Buffett Hollifield Sutton
Busbey Kelley, Pa. Vursell
Chatham Murray, Wis. Woodruff
Durham Norblad

So the amendment was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Gillette for, with Mr. Hollifield against.
Mr. Busbey for, with Mr. Sutton against.
Mr. Woodruff for, with Mr. Kelley of Pennsylvania against.

Mr. Durham for, with Mr. Radwan against.
Mr. Pressman for, with Mr. Breen against.

Until further notice:

Mr. Boggs of Louisiana with Mr. Buffett.
Mr. Chatham with Mr. Herter.

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment offered by Mr. POAGE: Page 18, after line 4, insert the following:

"() Section 402 of the Defense Production Act of 1950 is hereby amended by adding at the end thereof a new subsection reading as follows:

"It shall be unlawful to establish or maintain any ceiling price applicable to manufacturers or processors for any item of material derived in whole or in substantial part from an agricultural commodity if such ceiling price for any such item of material is fixed and maintained at less than the sum of the following:

"(1) The current cost of the material used therein computed on a delivered basis (except that the cost of any agricultural commodity used therein shall be computed on the basis of the current cost or the price specified in section 402 (d) (3), of the commodity delivered to the manufacturer or processor, whichever is greater);

"(2) All costs currently incurred in the processing or manufacturing operation and distribution of such item, including an allowance for such indirect costs as may reasonably be attributable to such item of material;

"(3) A reasonable profit (which for each unit of such item shall be not less than 85

percent of the average profit earned on an equivalent unit of such item during the three most profitable years of the period 1946 to 1949, both inclusive): *Provided*, That if specific dollars-and-cents ceilings applicable to manufacturers or processors are established for any such item of material and made generally applicable, the costs and profits referred to in paragraphs (1), (2), and (3) of this subsection, for each item of such material shall be computed by using a weighted average of such costs and profits of the individual processors or manufacturers of such item."

The SPEAKER. The question is on the amendment.

Mr. SPENCE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 181, nays 233, answered "present" 1, not voting 17, as follows:

[Roll No. 126]

YEAS—181

Aandahl Evins Mumma
Abernethy Fellows Murray, Tenn.
Allen, Calif. Fernandez Nicholson
Allen, Ill. Fisher Norrell
Anderson, Calif. Forrester O'Hara
Andresen, Garthings Phillips
August H. Gavin Pickett
Andrews George Poage
Arends Golden Potter
Armstrong Goodwin Preston
Baker Gore Rains
Barden Gossett Redden
Battle Graham Reece, Tenn.
Belcher Grant Reed, Ill.
Bentsen Gross Reed, N. Y.
Berry Gwinn Rees, Kans.
Betts Hale Regan
Bishop Hall Richards
Blackney Edwin Arthur Riley
Boggs, Del. Halleck Rivers
Bow Hand Roberts
Boykin Harris Rogers, Mass.
Bramblett Harrison, Va. Rogers, Tex.
Brehm Harrison, Wyo. St. George
Brown, Ga. Hays, Ark. Schwabe
Brown, Ohio Herlong Scrivner
Bryson Hill Scudder
Buffett Hoeven Shafer
Burlison Hoffman, Ill. Sheehan
Bush Hoffman, Mich. Short
Butler Hope Simpson, Ill.
Byrnes, Wis. Horan Simpson, Pa.
Camp Hunter Smith, Kans.
Cannon Jenkinson Smith, Miss.
Carlyle Jenkins Smith, Wis.
Chenoweth Jensen Stefan
Chipperfield Johnson Taber
Church Jonas Talle
Clevenger Jones, Ala. Teague
Cole, Kans. Jones, Mo. Thompson,
Cole, N. Y. Jones, Mich.
Colmer Hamilton C. Thompson, Tex.
Cooley Jones, Thornberry
Cooper Woodrow W. Towe
Cox Kerr Vail
Crawford Kersten, Wis. Van Pelt
Cunningham Kilburn Velde
Curtis, Nebr. Kilday Vinson
Dague Lanham Vorys
Davis, Ga. LeCompte Weichel
Davis, Tenn. Lovre Werdel
DeGraffenried Lucas Wharton
Devereux McCulloch Wheeler
D'Ewart McGregor Whitten
Dolliver McMillan Williams, Miss.
Dondero McVey Williams, N. Y.
Dorn Mahon Wilson, Ind.
Doughton Martin, Iowa Wilson, Tex.
Eaton Martin, Mass. Winstead
Elliott Mason Wolcott
Ellsworth Miller, Md. Wood, Ga.
Elston Miller, Nebr. Wood, Idaho

NAYS—233

Abbitt Aspinall Beall
Adair Auchincloss Beamer
Addonizio Ayres Beckworth
Albert Bailey Bender
Allen, La. Bakewell Bennett, Fla.
Andersen Baring Bennett, Mich.
H. Carl Barrett Blatnik
Anfuso Bates, Ky. Bolling
Angel Bates, Mass. Bolton

Bonner Hedrick Ostertag
Bosone Heffernan O'Toole
Bray Heller Patman
Brooks Hestelton Patten
Brownson Hess Patterson
Buckley Hillings Perkins
Budge Hinshaw Philbin
Burdick Holmes Polk
Burnside Howell Powell
Burton Hull Price
Byrne, N. Y. Irving Priest
Canfield Jackson, Calif. Prouty
Carnahan Jackson, Wash. Quinn
Case James Rabaut
Celler Jarman Ramsay
Chelf Javits Rankin
Chudoff Judd Reams
Clemente Karsten, Mo. Rhodes
Combs Kean Ribicoff
Corbett Kearney Riehlman
Cotton Kearns Robeson
Coudert Keating Rodino
Crosser Kelly, N. Y. Rogers, Colo.
Crumpacker Kennedy Rogers, Fla.
Curtis, Mo. Keogh Rooney
Davis, Wis. King Roosevelt
Dawson Kirwan Sabath
Deane Klein Sadlak
Delaney Kluczynski Sasser
Dempsey Lane Saylor
Denny Lantaff Scott, Hardie
Denton Larcade Scott,
Dingell Latham Hugh D., Jr.
Dollinger Lesinski Secrest
Donohue Lind Seely-Brown
Donovan McCarthy Shelley
Doyle McConnell Sheppard
Eberhart McCormack Sieminski
Engle McDonough Sikes
Fallon McGrath Sittler
Feighan McGuire Smith, Va.
Fenton McKinnon Spence
Fine McMullen Springer
Flood Machrowicz Staggers
Fogarty Mack, Ill. Stanley
Forand Mack, Wash. Steed
Ford Madden Stigler
Frazier Magee Stockman
Fugate Mansfield Tackett
Fulton Marshall Taylor
Furcolo Meader Thomas
Gamble Merrow Tollefson
Garmatz Miller, Calif. Trimble
Gary Miller, N. Y. Van Zandt
Gordon Mills Vaughn
Granhan Mitchell Walter
Granger Morano Watts
Green Morgan Welch
Greenwood Morris Whitaker
Gregory Morrison Wickersham
Hagen Morton Widnall
Hall Moulder Wier
Leonard W. Multer Wigglesworth
Harden Murdock Willis
Hardy Murphy Withrow
Hart Nelson Wolverton
Harvey O'Brien, Ill. Yates
Havener O'Brien, Mich. Yorty
Hays, Ohio O'Konski Zablocki
Hébert O'Neill

ANSWERED "PRESENT"—1

Lyle

NOT VOTING—17

Boggs, La. Herter Poulson
Breen Hollifield Radwan
Busbey Kelley, Pa. Sutton
Chatham Murray, Wis. Vursell
Durham Norblad Woodruff
Gillette Passman

So the amendment was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Lyle for, with Mr. Hollifield against.
Mr. Woodruff for, with Mr. Herter against.
Mr. Busbey for, with Mr. Gillette against.

Until further notice:

Mr. Boggs of Louisiana with Mr. Radwan.
Mr. Chatham with Mr. Vursell.
Mr. Durham with Mr. Poulson.
Mr. Passman with Mr. Norblad.
Mr. Kelley of Pennsylvania with Mr. Murray of Wisconsin.

Messrs. McDONOUGH and OSTERTAG changed their vote from "yea" to "nay."

Mr. LYLE. Mr. Speaker, I have a live pair with the gentleman from California [Mr. HOLIFIELD]. If he were present he would have voted "nay." I voted "yea." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment offered by Mr. D'EWART: Page 18, after line 4, insert the following new subsection:

"(e) Section 402 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new subsection:

"(j) The Munitions Board shall prepare, publish in the Federal Register, and keep current a list of the metals and minerals which are strategic and critical and which it is uneconomical to produce under the applicable ceiling price because of the marginal or submarginal character of the source or the necessity of constructing or installing substantial facilities or equipment. No price ceiling established under this section shall apply to any metal or mineral while it is on such list."

The SPEAKER. The question is on the amendment.

Mr. SPENCE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 200, nays 216, not voting 16, as follows:

[Roll No. 127]

YEAS—200

Aandahl	Crawford	Hope
Adair	Crumpacker	Horan
Allen, Calif.	Cunningham	Hunter
Allen, Ill.	Curtis, Nebr.	Jackson, Calif.
Andersen,	Dague	James
H. Carl	Davis, Wis.	Jenison
Anderson, Calif.	Dempsey	Jenkins
Andresen,	Denny	Jensen
August H.	Devereux	Johnson
Arends	D'Ewart	Jonas
Armstrong	Dolliver	Jones
Aspinall	Dondero	Hamilton C.
Auchincloss	Donovan	Jones
Ayres	Dorn	Woodrow W.
Bailey	Eaton	Judd
Baker	Ellsworth	Kearns
Barden	Elston	Keogh
Baring	Fellows	Kilburn
Bates, Mass.	Fenton	Lanham
Beall	Fernandez	LeCompte
Beamer	Fisher	Lovre
Belcher	Ford	Lucas
Bender	Forrester	McConnell
Bennett, Mich.	Fulton	McCulloch
Berry	Gamble	McDonough
Betts	Gavin	McGregor
Bishop	George	McMullen
Blackney	Golden	McVey
Blatnik	Goodwin	Mack, Wash.
Bosone	Gossett	Mansfield
Bow	Graham	Marshall
Boykin	Granger	Martin, Iowa
Bramblett	Gross	Martin, Mass.
Bray	Gwinn	Mason
Brehm	Hagen	Morrow
Brown, Ohio	Hale	Miller, Md.
Buckley	Hall	Miller, Nebr.
Budge	Edwin Arthur	Miller, N. Y.
Buffett	Hall	Morton
Burdick	Leonard W.	Mumma
Burleson	Halleck	Murdock
Bush	Harden	Nelson
Butler	Harrison, Wyo.	Nicholson
Byrnes, Wis.	Harvey	O'Hara
Chenoweth	Hedrick	O'Konski
Chipfield	Hess	Ostertag
Church	Hill	Patten
Clevenger	Hillings	Phillips
Cole, Kans.	Hinshaw	Pickett
Cole, N. Y.	Hoeven	Poage
Cooley	Hoffman, Ill.	Potter
Corbett	Hoffman, Mich.	Poulson
Cotton	Holmes	Prouty

Reams
Redden
Reece, Tenn.
Reed, Ill.
Reed, N. Y.
Rees, Kans.
Regan
Riehlman
Rogers, Colo.
Rogers, Mass.
Sadlak
St. George
Saylor
Schwabe
Scott, Hardie
Scott,
Hugh D., Jr.

Scrivner
Scudder
Shafer
Short
Simpson, Ill.
Simpson, Pa.
Sittler
Smith, Kans.
Smith, Wis.
Stefan
Stockman
Taber
Talle
Thompson,
Mich.
Tollefson
Vail

Van Pelt
Van Zandt
Vaughn
Velde
Weichel
Werdel
Wharton
Wheeler
Widnall
Williams, N. Y.
Wilson, Ind.
Wilson, Tex.
Withrow
Wolcott
Wood, Idaho

NAYS—216

Abbott
Abernethy
Addonizio
Albert
Allen, La.
Andrews
Anfuso
Angell
Bakewell
Barrett
Bates, Ky.
Battle
Beckworth
Bennett, Fla.
Bentsen
Boggs, Del.
Bolling
Bolton
Bonner
Brooks
Brown, Ga.
Brownson
Bryson
Burnside
Burton
Byrne, N. Y.
Camp
Canfield
Cannon
Carlyle
Carnahan
Case
Celler
Chelf
Chudoff
Clemente
Colmer
Combs
Cooper
Coudert
Cox
Cresser
Curtis, Mo.
Davis, Ga.
Davis, Tenn.
Dawson
Deane
DeGraffenried
Delaney
Denton
Dingell
Dollinger
Donohue
Doughton
Doyle
Eberhart
Elliott
Engle
Evins
Fallon
Feighan
Fine
Flood
Fogarty
Forand
Frazier
Fugate
Furcolo
Garまつ
Gary
Gathings
Gordon

NOT VOTING—16

Boggs, La.
Breen
Busbey
Chatham
Durham
Gillette
Herter
Holifield
Kelley, Pa.
Murray, Wis.
Norblad
Passman
Radwan
Sutton
Vursell
Woodruff

On this vote:

Mr. Gillette for, with Mr. Holifield against.
Mr. Woodruff for, with Mr. Kelley of Pennsylvania, against.

Mr. Busbey for, with Mr. Sutton against.

Until further notice:

Mr. Boggs of Louisiana with Mr. Vursell.
Mr. Chatham with Mr. Murray of Wisconsin.

Mr. Passman with Mr. Norblad.

Mr. Durham with Mr. Radwin.

Mr. Breen with Mr. Herter.

Mr. GOSSETT, Mr. WEICHEL, Mr. BARING, and Mr. BLATNIK changed their votes from "nay" to "yea."

Mr. KING changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment on which a separate vote is demanded.

The Clerk read as follows:

Committee amendment: Page 20, strike out all of 14 down to and including (g) in line 19, on page 23, and insert "(e)."

Mr. HALLECK. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. HALLECK. Is this the committee amendment that has to do with commodity exchanges or licensing?

The SPEAKER. The Chair is not informed; there was not enough of the amendment read that the Chair could place it in the bill.

Mr. WOLCOTT. May we ask where it appears in the bill?

The SPEAKER. Without objection, the amendment may be again reported. There was no objection.

(The Clerk again read the amendment.)

The SPEAKER. The question is on the amendment.

Mr. WOLCOTT. Mr. Speaker, on that we demand the yeas and nays.

The yeas and nays were ordered.

Mr. HALLECK. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. HALLECK. Do I understand that the vote is upon the committee amendment which strikes out the provisions having to do with licensing and hence a vote for the amendment is to strike out the licensing provision?

The SPEAKER. It is a committee amendment. The Chair is not cognizant with all the provisions of it.

The question was taken; and there were—yeas 333, nays 82, answered "present" 1, not voting 16, as follows:

[Roll No. 128]

YEAS—333

Aandahl	Angell	Beckworth
Abbott	Arends	Belcher
Abernethy	Armstrong	Bender
Adair	Aspinall	Bennett, Fla.
Albert	Auchincloss	Bennett, Mich.
Allen, Calif.	Ayres	Bentsen
Allen, Ill.	Bailey	Berry
Allen, La.	Baker	Betts
Andersen,	Bakewell	Bishop
H. Carl	Barden	Blackney
Anderson, Calif.	Baring	Boggs, Del.
Andresen,	Bates, Mass.	Bolton
August H.	Battle	Bonner
Andrews	Beall	Bow
Anfuso	Beamer	Boykin

So the amendment was rejected.
The Clerk announced the following pairs:

Bramblett
Bray
Brehm
Brooks
Brown, Ga.
Brown, Ohio
Brownson
Bryson
Budge
Buffett
Burdick
Burleson
Burton
Bush
Butler
Byrnes, Wis.
Camp
Canfield
Cannon
Carlyle
Case
Chelf
Chenoweth
Chiperfield
Church
Clevenger
Cole, Kans.
Cole, N. Y.
Colmer
Combs
Cooley
Cooper
Corbett
Cotton
Coudert
Cox
Crawford
Crumpacker
Cunningham
Curtis, Mo.
Curtis, Nebr.
Dague
Davis, Ga.
Davis, Tenn.
Davis, Wls.
DeGraffenried
Demsey
Denny
Denton
Devereux
D'Ewart
Dolliver
Dondero
Donohue
Donovan
Dorn
Doughton
Doyle
Eaton
Elliot
Ellsworth
Elston
Engle
Evins
Fallon
Fellows
Fenton
Fernandez
Fisher
Ford
Forrester
Frazier
Fugate
Fulton
Furcolo
Gamble
Gary
Gathings
Gavin
George
Golden
Goodwin
Gore
Gossett
Graham
Granger
Grant
Gross
Gwinn
Hagen
Hale
Hall
Hall, Edwin Arthur
Hall, Leonard W.
Halleck
Hand
Harden
Hardy

Harris
Harrison, Va.
Harrison, Wyo.
Harvey
Havenner
Hays, Ark.
Hays, Ohio
Hébert
Hedrick
Herlong
Heselton
Hess
Hill
Hillings
Hinshaw
Hoeven
Hoffman, Ill.
Hoffman, Mich.
Holmes
Hope
Horan
Hull
Hunter
Jackson, Calif.
James
Jarman
Jenison
Jenkins
Jensen
Johnson
Jonas
Jones, Ala.
Jones, Mo.
Jones, Hugh D., Jr.
Jones, Hamilton C.
Jones, Woodrow W.
Judd
Kean
Kearney
Kearns
Keating
Kerr
Kersten, Wis.
Kilburn
Kilday
Lanham
Lantaff
Larcade
Latham
LeCompte
Love
Lucas
Lyle
McCarthy
McConnell
McCulloch
McDonough
McGregor
McKinnon
McMillan
McMullen
McVey
Mack, Wash.
Mahon
Mansfield
Marshall
Martin, Iowa
Martin, Mass.
Mason
Meador
Merrow
Miller, Calif.
Miller, Md.
Miller, Nebr.
Miller, N. Y.
Mills
Morano
Morris
Morrison
Morton
Moulder
Mumma
Murdock
Murray, Tenn.
Nelson
Nicholson
Norrell
O'Brien, Mich.
O'Hara
O'Konski
Ostertag
Patten
Patterson
Philbin
Phillips
Pickett
Poage
Polk

Potter
Poulson
Preston
Priest
Prouty
Rains
Rankin
Reams
Redden
Reece, Tenn.
Reed, Ill.
Reed, N. Y.
Rees, Kans.
Regan
Ribicoff
Richards
Riehlman
Riley
Rivers
Roberts
Robeson
Rogers, Colo.
Rogers, Fla.
Rogers, Mass.
Rogers, Tex.
Sadlak
St. George
Sasser
Saylor
Schwabe
Scott, Hardie
Scott, Hugh D., Jr.
Scrivner
Scudder
Secrest
Seely-Brown
Shafer
Sheehan
Shelley
Sheppard
Short
Sikes
Simpson, Ill.
Simpson, Pa.
Sittler
Smith, Kans.
Smith, Miss.
Smith, Va.
Smith, Wis.
Springer
Stanley
Steed
Stefan
Stigler
Stockman
Taber
Tackett
Talle
Taylor
Teague
Thomas
Thompson, Mich.
Thompson, Tex.
Thornberry
Tollefson
Towe
Trimble
Vail
Van Pelt
Van Zandt
Vaughn
Velde
Vinson
Vorys
Watts
Weichel
Werdel
Wharton
Wheeler
Whitaker
Whitten
Wickersham
Widnall
Wigglesworth
Williams, Miss.
Williams, N. Y.
Willis
Wilson, Ind.
Wilson, Tex.
Winstead
Withrow
Wolcott
Wolverton
Wood, Ga.
Wood, Idaho
Yorty

NAYS—82

Addonizio
Barrett
Bates, Ky.
Blatnik
Bolling
Bosone
Buckley
Burnside
Byrne, N. Y.
Carnahan
Celler
Chudoff
Clemente
Cresser
Dawson
Deane
Delaney
Dingell
Dollinger
Eberhart
Feighan
Fine
Flood
Fogarty
Forand
Garmatz
Gordon
Granahan

Green
Greenwood
Gregory
Hart
Heffernan
Heller
Howell
Irving
Jackson, Wash.
Javits
Karsten, Mo.
Kelly, N. Y.
Kennedy
Keogh
King
Klirwan
Klein
Kluczynski
Lane
Lesinski
Lind
McGrath
McGuire
Machrowicz
Mack, Ill.
Madden
Magee
Mitchell

Morgan
Multer
Murphy
O'Brien, Ill.
O'Neill
O'Toole
Patman
Perkins
Powell
Price
Quinn
Rabaut
Ramsay
Rhodes
Rodino
Rooney
Roosevelt
Sabath
Sieminski
Spence
Staggers
Walter
Welch
Wier
Yates
Zablocki

ANSWERED "PRESENT"—1

McCormack

NOT VOTING—16

Boggs, La.
Breen
Busbey
Chatham
Durham
Gillette

Herter
Holifield
Kelley, Pa.
Murray, Wis.
Norblad
Passman

Radwan
Sutton
Vursell
Woodruff

So the amendment was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Gillette for, with Mr. Holifield against.
Mr. Woodruff for, with Mr. Kelley of Pennsylvania against.

Mr. Busbey for, with Mr. Edward Breen against.

Mr. Passman for, with Mr. Radwan against.

Mr. Durham for, with Mr. Sutton against.

Mr. Herter for, with Mr. McCormack against.

Until further notice:

Mr. Boggs of Louisiana with Mr. Norblad.
Mr. Chatham with Mr. Murray of Wisconsin.

Mr. FALLON changed his vote from "nay" to "yea."

Mr. DENTON changed his vote from "nay" to "yea."

Mr. McCORMACK. Mr. Speaker, I have a live pair with the gentleman from Massachusetts, Mr. HERTER. I voted "nay." If the gentleman from Massachusetts were here, he would vote "yea"; therefore, I withdraw my vote and vote "present."

Mr. MCKINNON changed his vote from "nay" to "yea."

Mr. TACKETT changed his vote from "nay" to "yea."

Mr. EBERHARTER changed his vote from "yea" to "nay."

Mr. MILLER of California changed his vote from "nay" to "yea."

Mr. BECKWORTH changed his vote from "nay" to "yea."

Mr. SASSCER changed his vote from "nay" to "yea."

Mr. SHELLEY changed his vote from "nay" to "yea."

Mr. CANNON changed his vote from "nay" to "yea."

Mr. HAVENNER changed his vote from "nay" to "yea."

Mr. POWELL changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment on which a separate vote has been demanded.

The Clerk read as follows:

Committee amendment: On page 45, line 7, strike out all after line 7 on page 45 down to and including line 7 on page 48.

The SPEAKER. The question is on the committee amendment.

Mr. PATMAN. Mr. Speaker, that is the commodity speculation amendment. On that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 241, nays 173, not voting 18, as follows:

[Roll No. 129]

YEAS—241

Aandahl
Abbott
Abernethy
Adair
Allen, Calif.
Allen, Ill.
Allen, La.
Anderson, Calif.
Andersen, August H.
Andrews
Arends
Armstrong
Auchincloss
Baker
Barden
Bates, Mass.
Battle
Beall
Beamer
Belcher
Berry
Betts
Bishop
Blackney
Boggs, Del.
Bonner
Bow
Boykin
Bramblett
Bray
Brehm
Brooks
Brown, Ga.
Brown, Ohio
Brownson
Bryson
Budge
Buffett
Burleson
Burton
Bush
Butler
Byrnes, Wis.
Camp
Carlyle
Chenoweth
Chiperfield
Church
Clevenger
Cole, Kans.
Cole, N. Y.
Cooley
Cooper
Corbett
Cotton
Cox
Crawford
Crumpacker
Cunningham
Curtis, Nebr.
Dague
Davis, Ga.
Davis, Tenn.
Davis, Wls.
DeGraffenried
Denny

Devereux
D'Ewart
Dolliver
Dondero
Donovan
Dorn
Doughton
Elliott
Ellsworth
Elston
Fellows
Fenton
Fisher
Forrester
Frazier
Fugate
Gamble
Gary
Gathings
Gavin
George
Golden
Goodwin
Gore
Gossett
Graham
Grant
Gregory
Gwinn
Hagen
Hale
Hall
Hall, Leonard W.
Halleck
Hand
Harden
Hardy
Harris
Harrison, Va.
Harrison, Wyo.
Harvey
Hays, Ark.
Hébert
Herlong
Hess
Hill
Hillings
Hinshaw
Hoeven
Hoffman, Ill.
Hoffman, Mich.
Holmes
Hope
Horan
Hunter
Jackson, Calif.
James
Jenison
Jenkins
Jensen
Jonas
Jones, Ala.
Jones, Mo.
Jones, Hamilton C.
Jones, Woodrow W.

Judd
Kearns
Kilburn
Kilday
Lanham
Lantaff
Larcade
LeCompte
Louvre
Lucas
McConnell
McCulloch
McDonough
McGregor
McMillan
McMullen
McVey
Mack, Wash.
Mahon
Martin, Iowa
Martin, Mass.
Mason
Meador
Merrow
Miller, Md.
Miller, Nebr.
Morrison
Morton
Moulder
Mumma
Murray, Tenn.
Nicholson
Norrell
O'Hara
Patten
Patterson
Poulson
Preston
Priest
Prouty
Rains
Rankin
Redden
Reece, Tenn.
Reed, Ill.
Reed, N. Y.
Rees, Kans.
Regan
Richards
Riehlman
Riley
Rivers
Roberts
Robeson
Rogers, Fla.
Rogers, Tex.
Sadlak
St. George
Saylor
Schwabe
Scott, Hardie
Scott, Hugh D., Jr.

Scrivner	Stockman	Wharton
Scudder	Taber	Wheeler
Shafer	Tackett	Whitten
Sheehan	Talle	Widnall
Short	Teague	Wigglesworth
Sikes	Thompson, Mich.	Williams, Miss.
Simpson, Ill.	Thompson, Tex.	Williams, N. Y.
Simpson, Pa.	Tow	Willis
Sittler	Vail	Wilson, Ind.
Smith, Kans.	Van Pelt	Wilson, Tex.
Smith, Miss.	Van Zandt	Winstead
Smith, Va.	Vaughn	Wolcott
Smith, Wis.	Velde	Wood, Ga.
Stanley	Vinson	Wood, Idaho
Stefan	Werdel	
Stigler		

NAYS—173

Addonizio	Fulton	Morgan
Albert	Furcolo	Morris
Andersen, H. Carl	Garmatz	Multer
Anfuso	Gordon	Murdock
Angell	Granahan	Murphy
Aspinall	Granger	O'Brien, Ill.
Ayres	Green	O'Brien, Mich.
Bailey	Greenwood	O'Konski
Bakewell	Gross	O'Neill
Baring	Hall	Ostertag
Barrett	Edwin Arthur	O'Toole
Bates, Ky.	Hart	Patman
Beckworth	Havenner	Perkins
Bender	Hays, Ohio	Philbin
Bennett, Fla.	Hedrick	Polk
Bennett, Mich.	Heffernan	Powell
Bentsen	Heller	Price
Blatnik	Heselton	Quinn
Bolling	Howell	Rabaut
Bolton	Hull	Ramsay
Bosone	Irving	Reams
Buckley	Jackson, Wash.	Rhodes
Burdick	Jarman	Ribicoff
Burnside	Javits	Rodino
Byrne, N. Y.	Johnson	Rogers, Colo.
Canfield	Karsten, Mo.	Rogers, Mass.
Cannon	Kearney	Rooney
Carnahan	Keating	Roosevelt
Case	Kelly, N. Y.	Sabbath
Celler	Kennedy	Sasser
Chelf	Keogh	Secrest
Chudoff	Kerr	Seely-Brown
Clemente	Kersten, Wis.	Shelley
Colmer	King	Sheppard
Combs	Kirwan	Sieminski
Coudert	Klein	Spence
Crosser	Kluczynski	Springer
Curtis, Mo.	Lane	Staggers
Dawson	Latham	Steed
Deane	Lesinski	Taylor
Delaney	Lind	Thomas
Dempsey	Lyle	Thornberry
Denton	McCarthy	Tollefson
Dingell	McCormack	Trimble
Dollinger	McGrath	Vorys
Donohue	McGuire	Walter
Doyle	McKinnon	Watts
Eberhart	Machrowicz	Weichel
Engle	Mack, Ill.	Whitaker
Evins	Madden	Wickersham
Fallon	Magee	Wier
Feighan	Mansfield	Withrow
Fernandez	Marshall	Wolverton
Fine	Miller, Calif.	Yates
Flood	Miller, N. Y.	Yorty
Fogarty	Mills	Zablocki
Forand	Mitchell	
Ford	Morano	

NOT VOTING—18

Boggs, La.	Gillette	Norblad
Breen	Herter	Passman
Busbey	Hollifield	Radwan
Chatham	Kelley, Pa.	Sutton
Durham	Murray, Wis.	Vursell
Eaton	Nelson	Woodruff

So the amendment was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Gillette for, with Mr. Kelley of Pennsylvania against.

Mr. Woodruff for, with Mr. Hollifield against.

Mr. Busbey for, with Mr. Sutton against.

Mr. Durham for, with Mr. Radwan against.

Mr. Passman for, with Mr. Breen against.

Until further notice:

Mr. Boggs of Louisiana with Mr. Eaton.

Mr. Chatham with Mr. Herter.

Mr. TACKETT changed his vote from "nay" to "yea."

Mr. COLMER changed his vote from "nay" to "yea."

Mr. JARMAN changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. COLE of Kansas. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. COLE of Kansas. I am, Mr. Speaker.

The SPEAKER. The gentleman qualifies. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. COLE of Kansas moves to recommit the bill H. R. 3871 to the Committee on Banking and Currency.

Mr. BROWN of Ohio. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 117, nays 299, not voting 16, as follows:

[Roll No. 130]

YEAS—117

Abernethy	Furcolo	Pickett
Adair	George	Potter
Albert	Golden	Rankin
Allen, Ill.	Gossett	Reece, Tenn.
Anderson, Calif.	Gross	Reed, Ill.
Andrews	Hagen	Reed, N. Y.
Arndts	Halleck	Regan
Armstrong	Harden	Schwabe
Bailey	Harrison, Wyo.	Scrivner
Beamer	Harvey	Scudder
Belcher	Hedrick	Shafer
Berry	Hillings	Sheehan
Betts	Hinschaw	Sheppard
Bishop	Hoeven	Short
Blackney	Hoffman, Ill.	Simpson, Ill.
Bow	Hoffman, Mich.	Simpson, Pa.
Boykin	Jenison	Smith, Kans.
Bramblett	Jenkins	Smith, Wis.
Bray	Jensen	Springer
Brehm	Kearns	Staggers
Brown, Ohio	Kilburn	Stefan
Budge	LeCompte	Taber
Buffett	Lucas	Teague
Burleson	McGregor	Thompson, Mich.
Chenoweth	McMillan	Vail
Chipperfield	McVey	Van Pelt
Church	Marshall	Velde
Clevenger	Martin, Iowa	Werdel
Cole, Kans.	Mason	Wharton
Colmer	Miller, Md.	Wheeler
Crawford	Miller, Nebr.	Whitten
Cunningham	Morgan	Williams, Miss.
Curtis, Nebr.	Nelson	Wilson, Ind.
Davis, Wis.	Nicholson	Wilson, Tex.
Dolliver	O'Hara	Winstead
Dorn	O'Neill	Wood, Ga.
Ellsworth	Patten	Wood, Idaho
Fellows	Perkins	
Fisher	Phillips	
Flood		

NAYS—299

Aandahl	Auchincloss	Bender
Abbitt	Ayres	Bennett, Fla.
Addonizio	Baker	Bennett, Mich.
Allen, Calif.	Bakewell	Bentsen
Allen, La.	Barden	Blatnik
Andersen, H. Carl	Baring	Boggs, Del.
Andersen, August H.	Barrett	Bolling
August H.	Bates, Ky.	Bolton
Anfuso	Bates, Mass.	Bonner
Angell	Battle	Bosone
Aspinall	Beall	Brooks
	Beckworth	Brown, Ga.

Brownson	Hardy	Norrell
Bryson	Harris	O'Brien, Ill.
Buckley	Harrison, Va.	O'Brien, Mich.
Burdick	Hart	O'Konski
Burnside	Havenner	Ostertag
Burton	Hays, Ark.	O'Toole
Bush	Hays, Ohio	Patman
Butler	Hébert	Patterson
Byrne, N. Y.	Heffernan	Philbin
Byrnes, Wis.	Heller	Poage
Camp	Herlong	Polk
Canfield	Heselton	Poulson
Cannon	Hess	Powell
Carlyle	Hill	Preston
Carnahan	Holmes	Price
Case	Hope	Priest
Celler	Horan	Prouty
Chelf	Howell	Quinn
Chudoff	Hull	Rabaut
Clemente	Hunter	Rains
Cole, N. Y.	Irving	Ramsay
Combs	Jackson, Calif.	Reams
Cooley	Jackson, Wash.	Redden
Cooper	James	Rees, Kans.
Corbett	Jarman	Rhodes
Cotton	Javits	Ribicoff
Coudert	Johnson	Richards
Cox	Jonas	Riehlman
Crosser	Jones, Ala.	Riley
Crumpacker	Jones, Mo.	Rivers
Curtis, Mo.	Jones,	Roberts
Dague	Hamilton C.	Robeson
Davis, Ga.	Jones,	Rodino
Davis, Tenn.	Woodrow W.	Rogers, Colo.
Dawson	Judd	Rogers, Fla.
Deane	Karsten, Mo.	Rogers, Mass.
DeGraffenried	Kearney	Rogers, Tex.
Delaney	Keating	Rooney
Dempsey	Kelly, N. Y.	Roosevelt
Denny	Kennedy	Sabbath
Denton	Keogh	Sadiak
Devereux	Kerr	S. George
D'Ewart	Kersten, Wis.	Saylor
Dingell	Kilday	Scott, Hardie
Dollinger	King	Scott,
Dondero	Kirwan	Hugh, D., Jr.
Donohue	Klein	Secrest
Donovan	Kluczynski	Seely-Brown
Doughton	Lane	Shelley
Doyle	Lanham	Sieminski
Eaton	Lantaff	Sikes
Eberhart	Larcade	Sittler
Elliott	Latham	Smith, Miss.
Elston	Lesinski	Smith, Va.
Engle	Lind	Spence
Evins	Lyle	Stanley
Fallon	McCarthy	Steed
Feighan	McConnell	Stigler
Fenton	McCormack	Stockman
Fernandez	McCulloch	Tackett
Fine	McDonough	Talle
Fogarty	McGrath	Taylor
Forand	McGuire	Thomas
Ford	McKinnon	Thompson, Tex.
Forrester	McMullen	Thornberry
Frazier	Machrowicz	Tollefson
Fugate	Mack, Ill.	Towe
Fulton	Mack, Wash.	Trimble
Gamble	Madden	Van Zandt
Garmatz	Magee	Vaughn
Gary	Mahon	Vinson
Gathings	Mansfield	Vorys
Gavin	Martin, Mass.	Walter
Goodwin	Meador	Watts
Gordon	Merrrow	Weichel
Gore	Miller, Calif.	Welch
Graham	Miller, N. Y.	Whitaker
Granahan	Mills	Wickersham
Granger	Mitchell	Widnall
Grant	Morano	Wier
Green	Morris	Wigglesworth
Greenwood	Morrison	Williams, N. Y.
Gregory	Morton	Willis
Gwinn	Moulder	Withrow
Hale	Multer	Wolcott
Hall	Mumma	Wolverton
Edwin Arthur	Murdock	Yates
Hall	Murphy	Yorty
Leonard W.	Murray, Tenn.	Zablocki
Hand		

NOT VOTING—16

Boggs, La.	Herter	Radwan
Breen	Hollifield	Sutton
Busbey	Kelley, Pa.	Vursell
Chatham	Murray, Wis.	Woodruff
Durham	Norblad	
Eaton	Passman	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Vursell for, with Mr. Herter against.
Mr. Woodruff for, with Mr. Gillette against.

Until further notice:

Mr. Boggs of Louisiana with Mr. Murray of Wisconsin.
Mr. Passman with Mr. Norblad.
Mr. Durham with Mr. Busbey.
Mr. Chatham with Mr. Radwan.

Mr. PROUTY changed his vote from "yea" to "nay."

Mr. KILBURN and Mr. SHAFER changed their vote from "nay" to "yea."

The result of the vote was announced as above recorded.

Mr. SHAFER. Mr. Speaker, I ask unanimous consent that my vote on roll call No. 129 be recorded. I was present and voted "yea" on the first call, but I have learned that the Reading Clerk did not hear me.

The SPEAKER. Without objection, the roll call will be corrected accordingly.

There was no objection.

The SPEAKER. The question is on the passage of the bill.

Mr. WOLCOTT. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 323, nays 92, answered "present" 1, not voting 16, as follows:

[Roll No. 131]

YEAS—323

Aandahl	Carlyle	Fugate
Abbitt	Carnahan	Fulton
Adair	Case	Furcolo
Addonizio	Celler	Gamble
Albert	Chelf	Garmatz
Allen, Calif.	Chudoff	Gary
Allen, La.	Clemente	Gathings
Andersen,	Cole, N. Y.	Gavin
H. Carl	Colmer	Goodwin
Andersen,	Combs	Gordon
August H.	Cooley	Gore
Anfuso	Cooper	Graham
Angell	Corbett	Granahan
Armstrong	Cotton	Granger
Aspinall	Coudert	Grant
Auchincloss	Cox	Green
Ayres	Crosser	Greenwood
Bailey	Crumpacker	Gregory
Baker	Curtis, Mo.	Hale
Bakewell	Dague	Hall
Barden	Davis, Ga.	Edwin Arthur
Baring	Davis, Tenn.	Hall
Barrett	Davis, Wis.	Leonard W.
Bates, Ky.	Dawson	Halleck
Bates, Mass.	Deane	Hand
Battle	DeGraffenried	Harden
Beall	Delaney	Hardy
Beamer	Dempsey	Harris
Beckworth	Denny	Hart
Bender	Denton	Havener
Bennett, Fla.	Devereux	Hays, Ark.
Bennett, Mich.	D'Ewart	Hays, Ohio
Bentsen	Dingell	Hébert
Blackney	Dollinger	Hedrick
Blatnik	Dondero	Heffernan
Boggs, Del.	Donohue	Heller
Bolling	Donovan	Herlong
Bolton	Doughton	Heseltom
Bonner	Doyle	Hess
Bosone	Eaton	Hill
Boykin	Eberhart	Holmes
Brooks	Elliott	Hope
Brown, Ga.	Elston	Horan
Brownson	Engle	Howell
Bryson	Evins	Hull
Buckley	Fallon	Hunter
Burdick	Feighan	Irving
Burnside	Fenton	Jackson, Calif.
Burton	Fernandez	Jackson, Wash.
Bush	Fine	James
Butler	Flood	Jarman
Byrne, N. Y.	Fogarty	Javits
Byrnes, Wis.	Forand	Johnson
Camp	Ford	Jonas
Canfield	Forrester	Jones, Ala.
Cannon	Frazier	Jones, Mo.

Jones,

Hamilton C.

Jones,

Woodrow W.

Judd

Karsten, Mo.

Kean

Kearney

Keating

Kelly, N. Y.

Kennedy

Keogh

Kerr

Kersten, Wis.

Kilburn

Kilday

King

Kirwan

Klein

Kluczynski

Lane

Lanham

Lantaff

Larcade

Latham

Lesinski

Lind

Lyle

McCarthy

McConnell

McCormack

McCulloch

McDonough

McGrath

McGuire

McKinnon

McMillan

McMullen

Machrowicz

Mack, Ill.

Mack, Wash.

Madden

Magee

Mahon

Mansfield

Marshall

Martin, Mass.

Meador

Merrow

Miller, Calif.

Miller, N. Y.

Mills

Mitchell

Morano

Morgan

Morris

Morrison

Morton

Moulder

Multer

Mumma

Murdock

Murphy

Murray, Tenn.

Norrell

O'Brien, Ill.

O'Brien, Mich.

O'Konski

O'Neill

Ostertag

O'Toole

Patman

Patterson

Perkins

Philbin

Poage

Polk

Potter

Poulson

Powell

Preston

Price

Priest

Prouty

Quinn

Rabaut

Rains

Ramsay

Reams

Redden

Rees, Kans.

Rhodes

Ribicoff

Richards

Riehlman

Riley

Rivers

Roberts

Robeson

Rodino

Rogers, Colo.

Rogers, Fla.

Rogers, Mass.

Rooney

Roosevelt

Sabath

Sadlak

St. George

Sasscer

Saylor

Scott, Hardle

Scott,

Hugh D., Jr.

Scudder

Secrest

Seely-Brown

Shelley

Sheppard

Sieminski

Sikes

Smith, Miss.

Smith, Va.

Spence

Staggers

Stanley

Steed

Stigler

Stockman

Tackett

Talle

Taylor

Thomas

Thompson, Tex.

Thornberry

Tollefson

Towe

Trimble

Van Pelt

Van Zandt

Vaughn

Vinson

Vorys

Walter

Watts

Welch

Welch

Whitaker

Whitten

Wickersham

Widnall

Wier

Wigglesworth

Williams, Miss.

Williams, N. Y.

Wills

Wlnstead

Withrow

Wolcott

Wolverton

Yates

Yorty

Zablocki

On this vote:

Mr. Harrison of Virginia for, with Mr. Vursell against.

Until further notice:

Mr. Boggs of Louisiana with Mr. Herter.
Mr. Passman with Mr. Busbey.
Mr. Hollfield with Mr. Gillette.
Mr. Durham with Mr. Murray of Wisconsin.
Mr. Kelley of Pennsylvania with Mr. Radwan.

to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. TACKETT. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. TACKETT. Mr. Speaker, does that include the remarks made in the Committee of the Whole today?

The SPEAKER. Any remarks.

ADJOURNMENT UNTIL MONDAY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

PROGRAM FOR NEXT WEEK

(Mr. MARTIN of Massachusetts asked and was given permission to address the House for 1 minute.)

Mr. MARTIN of Massachusetts. Mr. Speaker, may I ask the majority leader what the program will be for next week?

Mr. McCORMACK. Mr. Speaker, in answer to the gentleman's inquiry, may I say that Monday is District Day, and the following District bills will be considered:

H. R. 4262, authorizing continued use of property, notwithstanding restrictions on the heights of buildings.

S. 259, fixing duties and responsibilities of auditors and Disbursing Officer.

S. 260, to make cancer and all malignant neoplastic diseases reportable to Health Officer.

S. 261, operating licenses on ambulances and vehicles used for funeral services.

S. 262, authorizing Commissioners to settle claims and suits.

S. 263, relative to detention of insane persons.

S. 488, increasing fee of jurors in condemnation proceedings.

S. 490, increasing the annual registration fee for practitioners of podiatry.

S. 492, to provide that children be committed to the Board of Public Welfare in lieu of being committed to the National Training School for Girls.

S. 494, providing for appointment of Deputy Disbursing Officer and necessary assistant disbursing officers.

S. 573, increasing compensation for Board of Barber Examiners.

S. 673, to permit exchange of land belonging to the District of Columbia and abutting property owners.

Mr. MARTIN of Massachusetts. I understand that none of them are controversial.

Mr. McCORMACK. I understand there are no controversial bills in this list. They have all been reported unanimously.

Thereafter on Monday, general debate on the State, Justice, and Commerce appropriation bill for 1952 will start and will continue on Tuesday.

There will be no roll calls on Tuesday because there are the Pennsylvania primaries on that date.

The State, Justice, and Commerce appropriation bill will be considered on Wednesday under the 5-minute rule. However, the first order of business on Wednesday will be consideration of the conference report on the independent offices appropriation bill, after which consideration of the State, Commerce, and Justice appropriation bill will continue under the 5-minute rule until concluded.

There is also a bill, H. R. 2094, the District of Columbia Hospital facilities bill, reported by the District Committee. I am going to ask unanimous consent that the House consider this bill next week under the general rules of the House, with general debate limited to 1 hour, one-half to be under the control of the chairman of the committee and one-half under the control of the ranking minority member or any member of the committee.

I make such a request now, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. That bill will not come up before Thursday. If a rule is granted, House Joint Resolution 289, to terminate the war between the United States and Germany, will be brought up, and if a rule is granted, H. R. 4550, the Mutual Defense Assistance Control Act of 1951 will be programed for next week, and it will be continued until reached.

Mr. MARTIN of Massachusetts. I have been requested to ask if the tide-lands bill will be brought up next week.

Mr. McCORMACK. I do not see it on my program as yet. The gentleman from Texas [Mr. LYLE], who is a member of the Committee on Rules, spoke to me on several occasions about it. As we know, after a rule is reported out for 7 legislative days, any member of the Committee on Rules may call it up as a matter of high privilege. Of course, any members of the Committee on Rules who informed me that he requested the bill to be programed would not be put in a position by the gentleman from Massachusetts of having to call the bill up. I would program such a bill, and I am putting it down for Friday of next week as a result of what Mr. LYLE told me. He was unavoidably called away. If he were here he would interrogate me to this effect, and with knowledge of that fact I am announcing to the House that as a result of his conference with me, which I appreciate very much, and his desire to cooperate with the leadership in the programing of a bill, and yet not desiring to call it up without consulting with me, I am putting that bill down for Friday of next week. Conference reports, of course, will be brought up at any time.

Mr. MARTIN of Massachusetts. I thank the gentleman.

SPECIAL ORDER GRANTED

Mr. MARTIN of Iowa asked and was given permission to address the House

on Monday, July 23, for 20 minutes, at the conclusion of the legislative program of the day and following any special orders heretofore entered.

THE POAGE-COLE GUARANTEED-PROFIT AMENDMENT

(Mr. PATMAN asked and was given permission to extend his remarks at this point in the Record.)

Mr. PATMAN. Mr. Speaker, during our consideration of this bill, which is supposed to facilitate production and stabilization in the interest of national defense, we have naturally heard honest differences of opinion expressed.

But we have also seen a lot in the way of sham and hypocrisy.

We have had horse-meat amendments. We have had black-market amendments.

We have had amendments that would send up prices faster than a balloon in a gale.

All these proposals have been advanced in the name of economic stabilization.

I believe we outdid everything that had gone before when we voted the Poage-Cole amendment.

This amendment, too, was adopted in the name of economic stabilization. But when you look carefully at the fine print it spells out economic strangulation.

This amendment was proposed in the name of the American farmer, the American worker, the American businessman.

All it will do is rob the consumer.

Under this amendment, prices would go so high that you could not locate them with a telescope from the top of Mount Wilson.

Under this amendment the standard of living of the average consumer will sink so low we would not recognize it as an American standard.

To think that this amendment was adopted in the name of price control would be farcial if it were not so cruelly tragic.

If anything is designed to let inflation loose in full fury to prey on the hapless consumer, it is this amendment.

There is one thing, and one thing alone, that will mean effective price control to the average American family. As the consumer understands it, price control must mean a stable and not a soaring cost of living. Prices, as far as the housewife is concerned, should come down, not go up.

But under this amendment prices could not possibly come down. They could not possibly be held at their present levels. They could and would go up.

How much higher can prices go without bringing widespread hunger and want in the United States?

Not much higher for the families who are on the lower rungs of the economic ladder.

Already beef has been priced out of reach of many American households. Only recently a Red Cross chapter reported that it rejected a high percentage of blood donors because of iron deficiencies due to lack of meat in their diet.

Do we want that to continue in America?

Thirteen private bills, H. R. 1265, 1831, 1911, 2307, 2503, 2505, 2508, 2621, 3504, 3772, 3773, 4121, and 4127 (H. Repts. 740-752, respectively).

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Defense Production: Passed, by a roll-call vote of 323 yeas to 92 nays, after rejecting a recommittal motion by a roll-call vote of 117 yeas to 299 nays, the bill H. R. 3871, amending and extending for 1 year the Defense Production Act of 1950.

Subsequently this passage was vacated when S. 1717, a similar bill, was taken from the Speaker's table, amended to contain the text of the House bill, and passed in lieu of H. R. 3871. The House voted to insist on its amendment to S. 1717; requested a conference with the Senate; and appointed as conferees Representatives Spence, Brown of Georgia, Patman, Rains, Wolcott, Gamble, and Talle.

Prior to passage a separate vote was demanded on seven amendments with the following result:

Adopted the Andresen amendment to bar until June 30, 1953, imports of fats and oils, dairy products, peanuts, and rice, 265 yeas to 148 nays.

Rejected the Davis of Wisconsin amendment to establish one Government claims agency through which all claims will be channeled, 164 yeas to 251 nays.

Adopted the Hope amendment to prevent the placing of quotas on livestock slaughtering, 249 yeas to 167 nays.

Adopted the Wolcott amendment to delete language enlarging the President's authority to acquire property, including facilities, and to erect plants, factories, etc., and to engage in the marketing, transportation, and storage of such critical materials necessary to the national defense; but authorizes installation of additional equipment, facilities, etc., in Government-owned plants and the installation of Government-owned equipment in privately owned plants, 232 yeas to 184 nays.

Adopted the Hardy amendment to delete authority to create new Government corporations by Executive order, 250 yeas to 167 nays.

Adopt a committee amendment authorizing a roll-back of 10 percent below the May 10, 1951, prices of agricultural commodities (beef-price roll-back), 234 yeas to 183 nays.

Adopted a committee amendment deleting from the bill language relative to licensing and suspension of licenses of certain businesses covered by the scope of the bill, 333 yeas to 82 nays.

Rejected the Cole of Kansas amendment to provide a fair and equitable margin for each species of livestock processed to insure a fair profit to all segments of the industry on each species, 166 yeas to 249 nays.

Rejected the Poage-Cole of Kansas amendment to set up a formula, including parity costs, for arriving at ceiling prices for all commodities to insure a reasonable profit, 181 yeas to 233 nays.

Rejected the Davis of Georgia amendment to provide that for a period of 120 days following enactment of this bill prices and wages, salaries, and other compensation shall not be raised above the levels prevailing on July 7, 1951, but does not prevent agricultural products from reaching parity, 172 yeas to 243 nays.

Rejected the D'Ewart amendment to exempt strategic metals and minerals from ceiling prices when in short supply, 200 yeas to 216 nays.

Adopted a committee amendment deleting from the bill language relating to control of commodity speculation, 242 yeas to 172 nays.

A pending amendment relating to raising and slaughtering livestock and poultry by an individual for home consumption by members of his immediate family was rejected by voice vote.

In the course of today's session amendments relative to credit controls were adopted that altered regulation W by extending to 21 months the period for paying for both new and used automobiles; also to authorize trade-in allowances on appliances to be considered as cash toward a down payment on other appliances; also to reduce the required down payment on houses costing less than \$10,000 to 10 percent of their price.

The bill also provides for a 1-year extension of the Housing and Rent Act of 1947.

Pages 8732-8811

Bill Referred: S. 630, to suspend until August 15, 1951, application of Federal law with respect to attorney employed by Committee on Labor and Public Welfare, passed by the Senate on July 19, was today referred to the Committee on the Judiciary.

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Program for Monday: Adjourned at 1:31 a. m. until Monday, July 23, 1951, at 12 o'clock noon. For program, see Congressional Program Ahead in this DIGEST.

Committee Meetings

MILITARY PUBLIC WORKS

Committee on Armed Services: Held executive discussion of matters relating to H. R. 4524, a bill to authorize certain construction at military and naval installations. Adjourned until tomorrow morning, when final action on the bill is tentatively scheduled.

SUPPLY MANAGEMENT

Committee on Expenditures in the Executive Departments: Bonner Subcommittee on Intergovernmental Relations continued hearings regarding its sixth intermediate report entitled "Federal Supply Management (Military and Related Activities)." Roswell L. Gilpatric, Assistant Secretary of the Air Force, discussed the report which contains the findings of the subcommittee's study of the present national emergency program. Adjourned subject to call of the Chair.

DETROIT ARSENAL

Committee on Expenditures in the Executive Departments: Hardy Subcommittee on Government Operations met in executive session with industrial representatives concerning certain activities at the Detroit arsenal and tank automotive parts center. Companies represented at the meeting were Tobe-Deutschman Co., Norwood, Mass.; Kelsey-Hayes Wheel Co., Detroit, Mich.; J. L. Grissom Co., Detroit, Mich.; Jefferson Chevrolet Co., Detroit, Mich.; and Hercules Motor Co., Canton, Ohio. Field hearings on the subject will be conducted in Detroit next Monday and Tuesday, July 23 and 24.

MUTUAL SECURITY

Committee on Foreign Affairs: Gen. S. L. Scott, Director, Office of Military Assistance, Office of the Secretary of Defense, met in executive session on the Mutual Security Program and discussed the country programs in Europe. In the afternoon executive session George C. McGhee, Assistant Secretary for Near Eastern, South Asian, and African Affairs, spoke in support of the program. He is scheduled to continue during tomorrow morning's executive session. In an open hearing, which was conducted last night, the committee received testimony from Representative Meader, of Michigan, along with William B. Frost, of the Detroit Board of Commerce.

COLORADO PROJECT

Committee on Interior and Insular Affairs: Engle Subcommittee on Irrigation and Reclamation continued hearings on H. R. 2813, to authorize the Secretary of the Interior to construct, operate, and maintain the Collbran reclamation project, Colorado. Witnesses heard in support of the proposed project today were Blair Burwell, consulting mining engineer, Grand Junction (Colo.) Chamber of Commerce; Henry J. Tupper, president, Plateau Valley Water Association, Collbran, Colo.; and W. D. Toyne, city manager, Grand Junction, Colo. Recessed until tomorrow morning.

FEDERAL PAY INCREASE

Committee on Post Office and Civil Service: Postponed today's scheduled meeting on Federal pay increase legislation until Wednesday morning, July 25.

POSTAL RATES—DRUG PRESCRIPTIONS—HORSE RACING

Committee on Rules: Granted an open rule providing for 3 hours of general debate on H. R. 2982, providing for general revision of postal rates and fees. Chairman Murray and Representative Burnside, both of the Committee on Post Office and Civil Service, appeared in favor of a closed rule which would also waive points of order against the bill. Representatives Rees and Hagen, of the same committee, spoke in opposition to the request of the closed rule.

Considered, but took no action, on a rule for H. R. 3298, to amend the Federal Food, Drug, and Cosmetic Act, dealing with refilling of prescriptions for drugs. Chairman Cresser and Representative Williams, both of the Committee on Interstate and Foreign Commerce, were heard in favor of a rule. It was agreed today that the committee resume on this legislation next Tuesday morning in order to hear opposition testimony.

Also considered a resolution (H. Res. 343) to create a select committee to conduct an investigation and study of horse races and gambling which utilizes instrumentalities of interstate or foreign commerce, with action being deferred until a later date. Representative Anfuso, author of the measure, spoke on its behalf.

UNEMPLOYMENT INSURANCE

Committee on Ways and Means: Forand Subcommittee on Unemployment Insurance completed hearings on H. R. 3393, to amend the Social Security Act to provide unemployment insurance for Federal civilian employees. Final witnesses to testify were Richard Shoemaker, Government and Civic Employees Organizing Committee, CIO; Mrs. K. Ellickson and John Edelman, both associate directors of research, CIO; and M. William Zucker, manager, social security department, Commerce and Industry Association of New York. Subcommittee is expected to hold executive consideration on the proposal at an early date.

BILLS SIGNED BY THE PRESIDENT

New Laws

(For last listing of Public Laws, see Digest, p. D634)

H. R. 2395, to amend the U. S. Code to provide basic authority for certain activities of the U. S. Secret Service. Signed July 16, 1951 (P. L. 79).

H. J. Res. 292, providing \$25 million in additional appropriations for disaster relief. Signed July 18, 1951 (P. L. 80).

S. J. Res. 71, to increase and equalize the salaries of employees in the Senate and House Press, Periodical, and Radio Galleries. Signed July 20, 1951 (P. L. 81).

CONGRESSIONAL PROGRAM AHEAD

Senate Chamber

(Week of July 23-28)

On Monday, the calendar will be called from the beginning for passage of unobjected-to bills; on Tuesday, consideration of H. R. 3973, Agriculture appropriations, will be begun, to be followed by renewed consideration of H. R. 3282, Treasury-Post Office appropriations.

Senate Committees

Committee on Appropriations: July 23, Subcommittee on Army Civil Functions, 10:30 a. m., room F-39, Capitol.

82D CONGRESS
1ST SESSION

S. 1717

IN THE HOUSE OF REPRESENTATIVES

JULY 21, 1951

Ordered to be printed with the amendment of the House of Representatives

AN ACT

To amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 TITLE I

4 EXTENSION OF THE DEFENSE PRODUCTION ACT OF 1950

5 SEC. 1. Subsections (a) and (b) of section 716 of
6 the Defense Production Act of 1950 are amended to read as
7 follows:

8 “(a) Titles I, II, III, and VII of this Act and all
9 authority conferred thereunder shall terminate at the close of
10 June 30, 1953, but such titles shall be effective after June
11 30, 1952, only to the extent necessary to aid in carrying out

1 contracts relating to the national defense entered into by the
2 Government prior to July 1, 1952.

3 “(b) Titles IV, V, and VI of this Act and all authority
4 conferred thereunder shall terminate at the close of February
5 29, 1952.”

6 LIMITATION ON ROLL-BACKS

7 SEC. 2. Section 402 (d) of the Defense Production Act
8 of 1950 is amended by adding at the end thereof the following
9 new paragraph:

10 “(4) After the enactment of this paragraph no ceiling
11 price shall become effective which is below either (A) the
12 price prevailing just before the date of issuance of the regu-
13 lation or order establishing such ceiling price, or (B) the
14 price prevailing during the period January 25, 1951, to
15 February 24, 1951, inclusive. Nothing in this paragraph
16 shall prohibit the establishment or maintenance of a ceiling
17 price with respect to any material (other than an agricultural
18 commodity) which is based upon a period prior to January
19 25, 1951, if such ceiling price reflects adjustments for in-
20 creases or decreases in actual factory and labor costs, includ-
21 ing reasonable allowances for other costs occurring subse-
22 quent to such period.

23 “(5) No ceiling shall be established or maintained on
24 products resulting from the processing of cattle and calves,
25 lambs and sheep, and hogs, the processing of each species

1 being separately considered, which do not allow for a reason-
 2 able margin of profit to each segment of the processing
 3 industry as a group on each such species."

4 LIMITATIONS ON CREDIT CONTROLS FOR AUTOMOBILES

5 SEC. 3. Section 601 of the Defense Production Act of
 6 1950 is amended by adding at the end thereof the follow-
 7 ing: "No regulation or order issued under this section shall,
 8 in respect to new or used automobiles (including taxicabs),
 9 designed for the purpose of transporting less than ten pas-
 10 sengers, (1) require a down payment in excess of $33\frac{1}{3}$ per
 11 centum or limit the maximum loan value to less than $66\frac{2}{3}$
 12 per centum, or (2) prescribe a maximum maturity of less
 13 than eighteen months."

14 LOANS GUARANTEED BY VETERANS' ADMINISTRATION

15 SEC. 4. Section 605 of the Defense Production Act of
 16 1950 is amended (1) by striking out the period at the end
 17 thereof and inserting in lieu thereof the following: "": *And*
 18 *provided further*, That no more than 6 per centum down
 19 payment shall be required in connection with the loan on any
 20 home guaranteed by the Veterans' Administration, pursuant
 21 to the Servicemen's Readjustment Act of 1944, as amended,
 22 and the transaction price of which home does not exceed
 23 \$12,000, except that if, on the basis of residential units
 24 started in any three consecutive months, the President finds
 25 that the probable number of residential units to be started

1 in a succeeding twelve-month period will exceed 850,000 he
 2 may suspend this proviso for such period or periods as he
 3 shall specify.

4 REPEAL OF TITLE III APPROPRIATION LIMITATION

5 SEC. 5. Section 304 (e) of the Defense Production
 6 Act of 1950 is amended by striking out “, not in excess
 7 of \$1,400,000,000,”.

8 SLAUGHTERING LIMITATIONS PROHIBITED

9 SEC. 6. Section 101 of the Defense Production Act of
 10 1950 is amended by adding at the end thereof the following:
 11 “No restriction, quota, or other limitation shall be placed
 12 upon the quantity of livestock which may be slaughtered
 13 or handled by any processor.”

14 SEC. 7. Title I of the Defense Production Act of 1950
 15 is hereby amended by adding the following section:

16 SEC. 104. Notwithstanding the provisions of any other
 17 law, import controls of fats and oils (including oil-bearing
 18 materials, fatty acids, and soap and soap powder, but ex-
 19 cluding petroleum and petroleum products and coconuts and
 20 coconut products), peanuts, butter, cheese and other dairy
 21 products, and rice and rice products are necessary for the pro-
 22 tection of the essential security interests and economy of
 23 the United States in the existing emergency in international
 24 relations, and no imports of any such commodity or product
 25 shall be admitted to the United States until after June 30,

1 1953, which would ~~(a)~~ impair or reduce the domestic pro-
2 duction of any such commodity or product below present
3 production levels, or below such higher levels as the Secre-
4 tary of Agriculture may deem necessary in view of domestic
5 and international conditions, or ~~(b)~~ interfere with the orderly
6 domestic storing and marketing of any such commodity or
7 product, or ~~(c)~~ result in any unnecessary burden or expendi-
8 tures under any Government price support program.

9 SEC. 9. Section 701 of the Defense Production Act of
10 1950 is amended to read as follows:

11 "SEC. 701. ~~(a)~~ (1) It is the sense of the Congress that
12 small-business concerns be encouraged to make the greatest
13 possible contribution toward achieving the objectives of this
14 Act. In order to carry out this policy there is hereby created
15 an agency under the name 'Small Defense Plants Admin-
16 istration' (hereinafter referred to as the Administration);
17 which Administration shall be under the general direction
18 and supervision of the President. The principal office of the
19 Administration shall be located in the District of Columbia;
20 but the Administration may establish such branch offices
21 in other places in the United States as may be determined by
22 the Administrator of the Adminitration. For the purposes
23 of this section, a small-business concern shall be deemed
24 to be one which is independently owned and operated and
25 which is not dominant in its field of operation. The Admin-

1 istration, in making a detailed definition, may use these
2 criteria, among others: independency of ownership and op-
3 eration, number of employees, dollar volume of business, and
4 nondominance in its field.

5 “(2) The Administration is authorized to obtain money
6 from the Treasury of the United States, for use in the per-
7 formance of the powers and duties granted to or imposed
8 upon it by law, not to exceed a total of \$50,000,000 out-
9 standing at any one time. For this purpose appropriations
10 not to exceed \$50,000,000 are hereby authorized to be made
11 to a revolving fund in the Treasury. Advances shall be made
12 to the Administration from the revolving fund when re-
13 quested by the Administration. This revolving fund shall
14 be used for the purposes enumerated subsequently in section
15 701 (b) (1) (B), (C), (D), and (E). Reimbursements
16 made to the Administration under these operations shall
17 revert to the revolving fund for use for the same purposes.

18 “(3) The management of the Administration shall be
19 vested in an Administrator who shall be appointed by the
20 President, by and with the advice and consent of the Senate,
21 and who shall be a person of outstanding qualifications known
22 to be familiar and sympathetic with small-business needs and
23 problems. The Administrator shall receive compensation
24 at the rate of \$17,500 per annum. The Administrator shall
25 not engage in any other business, vocation, or employment

1 than that of serving as Administrator. The Administrator
2 is authorized to appoint two Deputy Administrators to assist
3 in the execution of the functions vested in the Administration.
4 Deputy Administrators shall be paid at the rate of \$15,000
5 per annum.

6 “(4) The Administration shall not have succession,
7 beyond June 30, 1952, except for purposes of liquidation,
8 unless its life is extended beyond such date pursuant to an
9 Act of Congress. It shall have power to adopt, alter, and
10 use a seal, which shall be judicially noticed; to select and
11 employ such officers, employees, attorneys, and agents as
12 shall be necessary for the transaction of business of the
13 Administration; to define their authority and duties, require
14 bonds of them, and fix the penalties thereof. The Admin-
15 istration, with the consent of any board, commission, inde-
16 pendent establishment, or executive department of the Gov-
17 ernment, may avail itself of the use of information, services,
18 facilities, including any field service thereof, officers, and
19 employees thereof in carrying out the provisions of this
20 section.

21 “(5) All moneys of the Administration not otherwise
22 employed may be deposited with the Treasurer of the United
23 States subject to check by authority of the Administration
24 or in any Federal Reserve bank. The Federal Reserve banks
25 are authorized and directed to act as depositaries, custodians,

1 and fiscal agents for the Administration in the general per-
2 formance of its powers conferred by this Act. All insured
3 banks, when designated by the Secretary of the Treasury,
4 shall act as custodians, and financial agents for the
5 Administration.

6 “(b) (1) Without regard to any other provision of law
7 except the regulations prescribed under section 201 of the
8 First War Powers Act, 1941, as amended, the Administra-
9 tion is empowered—

10 “(A) to recommend to the Reconstruction Finance
11 Corporation loans or advances, on such terms and con-
12 ditions and with such maturity as the Reconstruction
13 Finance Corporation may determine on its own discre-
14 tion, to enable small-business concerns to finance plant
15 construction, conversion, or expansion, including the ac-
16 quisition of land; or finance the acquisition of equipment,
17 facilities, machinery, supplies, or materials; or to finance
18 research, development, and experimental work on new or
19 improved products or processes; or to supply such con-
20 cerns with capital to be used in the manufacture of
21 articles, equipment, supplies, or materials for defense or
22 essential civilian purposes; or to establish and operate
23 technical laboratories to serve small-business concerns;
24 such loans or advances to be made or effected either
25 directly by the Reconstruction Finance Corporation or in

1 cooperation with banks or other lending institutions
2 through agreements to participate in insurance of loans,
3 or by the purchase of participations, or otherwise;

4 “(B) to enter into contracts with the United States
5 Government and any department, agency, or officer
6 thereof having procurement powers obligating the Ad-
7 ministration to furnish articles, equipment, supplies, or
8 materials to the Government;

9 “(C) to arrange for the performance of such con-
10 tracts by letting subcontracts to small-business concerns
11 or others for the manufacture, supply, or assembly of
12 such articles, equipment, supplies, or materials, or parts
13 thereof, or servicing or processing in connection there-
14 with, or such management services as may be necessary
15 to enable the Administration to perform such contracts;
16 and

17 “(D) to provide technical and managerial aids to
18 small-business concerns, by maintaining a clearinghouse
19 for technical information, by cooperating with other
20 Government agencies, by disseminating information, and
21 by such other activities as are deemed appropriate by
22 the Administration.

23 “(2) In any case in which the Administration certifies
24 to any officer of the Government having procurement powers
25 that the Administration is competent to perform any spe-

1 eiffe Government procurement contract to be let by any
2 such officers; such officer shall be authorized to let such
3 procurement contract to the Administration upon such terms
4 and conditions as may be agreed upon between the Ad-
5 ministration and the procurement officer.

6 “(c) (1) Whoever makes any statement knowing it
7 to be false, or whoever willfully overvalues any security,
8 for the purpose of obtaining for himself or for any applicant
9 any loan, or extension thereof by renewal, deferment of
10 action, or otherwise, or the acceptance, release, or substitu-
11 tion of security therefor, or for the purpose of influencing in
12 any way the action of the Administration, or for the purpose
13 of obtaining money, property, or anything of value, under
14 this section, shall be punished by a fine of not more than
15 \$5,000 or by imprisonment for not more than two years, or
16 both.

17 “(2) Whoever, being connected in any capacity with
18 the Administration (A) embezzles, abstracts, purloins, or
19 willfully misapplies any moneys, funds, securities, or other
20 things of value, whether belonging to it or pledged or other-
21 wise entrusted to it, or (B) with intent to defraud the
22 Administration or any other body politic or corporate, or
23 any individual, or to deceive any officer, auditor, or examiner
24 of the Administration makes any false entry in any book,
25 report, or statement of or to the Administration, or, without

1 being duly authorized, draws any order or issues, puts forth,
2 or assigns any note, debenture, bond, or other obligation,
3 or draft, bill of exchange, mortgage, judgment, or decree
4 thereof, or ~~(C)~~ with intent to defraud participates, shares,
5 receives directly or indirectly any money, profit, property,
6 or benefit through any transaction, loan, commission, con-
7 tract, or any other act of the Administration, or ~~(D)~~ gives
8 any unauthorized information concerning any future action
9 or plan of the Administration which might affect the value
10 of securities, or, having such knowledge, invests or speculates,
11 directly or indirectly, in the securities or property of any
12 company or corporation receiving loans or other assistance
13 from the Administration shall be punished by a fine of not
14 more than \$10,000 or by imprisonment for not more than
15 five years, or both.

16 ~~“(d)~~ (1) It shall be the duty of the Administration
17 and it is hereby empowered, to coordinate and to ascertain
18 the means by which the productive capacity of small-business
19 concerns can be most effectively utilized for national defense
20 and essential civilian production.

21 ~~“(2)~~ It shall be the duty of the Administration and it
22 is hereby empowered, to consult and cooperate with appro-
23 priate governmental agencies in the issuance of all orders
24 limiting or expanding production by, or in the formulation
25 of policy in granting priorities to, business concerns. All

1 such governmental agencies are required, before issuing such
2 orders or announcing such priority policies, to consult with
3 the Administration in order that small-business concerns will
4 be most effectively utilized in the production of articles,
5 equipment, supplies and materials for national defense and
6 essential civilian purposes.

7 “(c) The Administration shall have power, and it is
8 hereby directed, whenever it determines such action is
9 necessary—

10 “(1) to make a complete inventory of all produc-
11 tive facilities of small-business concerns which can be
12 used for defense and essential civilian production or to
13 arrange for such inventory to be made by any other
14 governmental agency which has the facilities. In mak-
15 ing any such inventory, the appropriate agencies in the
16 several States shall be requested to furnish an inventory
17 of the productive facilities of small-business concerns in
18 each respective State if such an inventory is available
19 or in prospect;

20 “(2) to consult and cooperate with officers of the
21 Government having procurement powers, in order to
22 utilize the potential productive capacity of plants oper-
23 ated by small-business concerns;

24 “(3) to obtain information as to methods and prac-
25 tices which Government prime contractors utilize in

1 letting subcontracts and to take action to encourage the
2 letting of subcontracts by prime contractors to small-
3 business concerns at prices and on conditions and terms
4 which are fair and equitable;

5 “(4) to take such action, authorized under this
6 section, as is necessary to provide small-business con-
7 cerns with an adequate incentive, excluding subsidies,
8 to engage in defense and essential civilian production and
9 to facilitate the conversion and equipping of plants of
10 small-business concerns for such production;

11 “(5) to determine within any industry the con-
12 cerns, firms, persons, corporations, partnerships, coopera-
13 tives, or other business enterprises, which are to be
14 designated ‘small-business concerns’ for the purpose of
15 effectuating the provisions of this section;

16 “(6) to certify to Government procurement officers
17 with respect to the competency, as to capacity and
18 credit, of any small-business concern or group of such
19 concerns to perform a specific Government procurement
20 contract;

21 “(7) to obtain from any Federal department, estab-
22 lishment, or agency engaged in defense procurement or
23 in the financing of defense procurement or production
24 such reports concerning the letting of contracts and sub-
25 contracts and making of loans to business concerns as

1 it may deem pertinent in carrying out its functions under
2 this Act;

3 “(8) to obtain from suppliers of materials infor-
4 mation pertaining to the method of filling orders and the
5 bases for allocating their supply, whenever it appears
6 that any small business is unable to obtain materials for
7 defense or essential civilian production from its normal
8 sources;

9 “(9) to make studies and recommendations to the
10 appropriate Federal agencies to insure a fair and equi-
11 table share of materials, supplies, and equipment to small-
12 business concerns to effectuate the defense program or for
13 essential civilian purposes; and

14 “(10) to consult and cooperate with all Govern-
15 ment agencies for the purpose of insuring that small-
16 business concerns shall receive fair and reasonable treat-
17 ment from said agencies;

18 “(11) to establish such advisory boards and com-
19 mittees wholly representative of small business as may
20 be found necessary to achieve the purposes of this section.

21 “(f) (1) The Congress has as its policy that a fair pro-
22 portion of the total purchases and contracts for supplies and
23 services for the Government shall be placed with small busi-
24 ness concerns. To effectuate such policy, small-business con-
25 cerns within the meaning of this section shall receive any

1 award or contract or any part thereof as to which it is deter-
2 mined by the Administration and the contracting procure-
3 ment agencies ~~(A)~~ to be in the interest of mobilizing the
4 Nation's full productive capacity, or ~~(B)~~ to be in the interest
5 of the national defense program, to make such award or let
6 such contract to a small business concern.

7 “~~(2)~~ Whenever materials or supplies are allocated by
8 law, a fair and equitable percentage thereof shall be made
9 available to the Administration, to be allocable by it to
10 small plants unable to obtain the necessary materials or
11 supplies from usual sources. Such percentage shall be de-
12 termined by the head of the lawful allocating authority
13 after giving full consideration to the claims presented by
14 the Administration.

15 “~~(3)~~ Whenever the President invokes the powers given
16 him in this Act to allocate, or approve agreements allocating,
17 any material, to an extent which the President finds will
18 result in a significant dislocation of the normal distribution in
19 the civilian market, he shall do so in such a manner as
20 to make available, so far as practicable, for business and
21 various segments thereof in the normal channel of distribution
22 of such material, a fair share of the available civilian supply
23 based, so far as practicable, on the share received by such
24 business under normal conditions during a representative
25 period preceding June 24, 1950: *Provided*, That the limita-

1 tions and restrictions imposed on the production of specific
2 items should give due consideration to the needs of new
3 concerns.

4 “(g) The Administration shall make a report every
5 ninety days of operations under this title to the President,
6 the President of the Senate, and the Speaker of the House
7 of Representatives. Such report shall include the names
8 of the business concerns to whom contracts are let, and for
9 whom financing is arranged, by the Administration, to-
10 gether with the amounts involved, and such report shall
11 include such other information, and such comments and
12 recommendations, with respect to the relation of small-
13 business concerns to the defense effort, as the Administration
14 may deem appropriate.

15 “(h) The Administration is hereby empowered to make
16 studies of the effect of price, credit, and other controls im-
17 posed under the defense program and whenever it finds that
18 these controls discriminate against or impose undue hardship
19 upon small business, to make recommendations to the appro-
20 priate Federal agency for the adjustment of controls to the
21 needs of small business.

22 “(i) The Reconstruction Finance Corporation is author-
23 ized to make loans and advances upon the recommendation
24 of the Small Defense Plants Administration as provided in
25 (b) (1) (A) of this section not to exceed an aggregate

1 of \$100,000,000 outstanding at any one time, on such terms
2 and conditions and with such maturities as Reconstruction
3 Finance Corporation may determine.

4 “(j) The President may transfer to the Administration
5 any functions, powers, and duties of any department or
6 agency which relates primarily to small-business problems.

7 “(k) No loan shall be recommended or equipment,
8 facilities, or services furnished by the Administration under
9 this section to any business enterprise unless the owners,
10 partners or officers of such business enterprise (1) certify
11 to the Administration the names of any attorneys, agents,
12 or other persons engaged by or on behalf of such business
13 enterprise for the purpose of expediting applications made to
14 the Administration for the assistance of any sort, and the
15 fees paid or to be paid to any such persons, and (2) exe-
16 cute an agreement binding any such business enterprise for
17 a period of two years after any assistance is rendered by the
18 Administration to such business enterprise, to refrain from
19 employing, tendering any office or employment to, or re-
20 taining for professional services, any person who, on the date
21 such assistance or any part thereof was rendered, or within
22 one year prior thereto, shall have served as an officer, at-
23 torney, agent or employee of the Administration occupying
24 a position or engaging in activities which the Administra-

tion shall have determined involve discretion with respect to the granting of assistance under this section.

“(l) In administering this Act, such exemptions shall be provided for small-business enterprises as may be feasible without impeding the accomplishment of this Act.

“(m) In administering this Act, special provision shall be made for the expeditious handling of all requests, applications, or appeals from small-business enterprises.

“(n) Such business advisory committees shall be appointed as shall be appropriate for purposes of consultation in the formulation of rules, regulations, or orders, or amendments thereto issued under authority of this Act, and in their formation there shall be fair representation for independent small-, for medium-, and for large-business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry.

“(o) To the fullest extent the Administration deems practicable, it shall make a fair charge for the use of Government-owned property and make and let contracts on a basis that will result in a recovery of the direct costs incurred by the Administration.

“(p) There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this section.”

1 STATE REPRESENTATION IN REGIONAL OFFICES

2 SEC. 9. ~~Section 703 (b)~~ of the Defense Production Act
3 of 1950 is amended by adding at the end thereof the fol-
4 lowing: "There shall be included among the policy-making
5 officers of each regional office administering the authority
6 conferred by title IV of this Act a resident of each State
7 served by such office whose governor requests such repre-
8 sentation."

9 EXTENSION OF THE HOUSING AND RENT ACT OF 1947

10 SEC. 10. ~~(a)~~ Section 204 ~~(f)~~ of the Housing and Rent
11 Act of 1947, as amended, is amended by striking out "June
12 30, 1951" and inserting in lieu thereof "February 29, 1952".

13 ~~(b)~~ ~~(1)~~ The Housing and Rent Act of 1947, as
14 amended, is amended by striking out "Housing Expediter"
15 wherever it appears therein and inserting in lieu thereof
16 "President".

17 ~~(2)~~ Section 204 ~~(a)~~ of the Housing and Rent Act of
18 1947, as amended, is repealed.

19 ~~(3)~~ Section 206 ~~(c)~~ of the Housing and Rent Act of
20 1947, as amended, is amended by striking out "The principal
21 office of the Housing Expediter shall be in the District of
22 Columbia, but he or any duly authorized representative may
23 exercise any or all of his powers in any place and attorneys"
24 and inserting in lieu thereof "Attorneys".

1 ~~(4)~~ Section 208 ~~(a)~~ of the Housing and Rent Act of
2 1947, as amended, is amended to read as follows:

3 ~~“(a)~~ The President shall administer the powers, duties,
4 and functions conferred upon him by this Act through the
5 new independent agency created pursuant to section 403 of
6 the Defense Production Act of 1950.— The President may
7 provide for the transfer to such new agency of any of the
8 functions, records, property, personnel, and unexpended bal-
9 ances of appropriations, allocations, and other funds of the
10 Office of the Housing Expediter. Any employees of the
11 Office of the Housing Expediter not so transferred shall, un-
12 less transferred to other positions in the Government, be
13 separated from the service. The President shall make such
14 provisions as he shall deem appropriate for the termination
15 and liquidation of the affairs of the Office of the Housing
16 Expediter and until such action is taken by the President,
17 the Office of the Housing Expediter shall be continued. For
18 the purposes of determining the status of employees trans-
19 ferred to such new agency as provided in this section, they
20 shall be deemed to be transferred in connection with a trans-
21 fer of functions.”

22 ~~(e)~~ Section 204 of the Housing and Rent Act of 1947,
23 as amended, is amended by adding at the end thereof the
24 following:

25 ~~“(k)~~ The President shall by regulation or order estab-

lish such maximum rent or maximum rents as in his judgment will be fair and equitable for any housing accommodations (1) in any State which by law declares that there exists such a shortage in rental housing accommodations as to require Federal rent control in such State; or (2) in any incorporated city, town, village, or in the unincorporated area of any county (other than a city, town, village, or unincorporated area within a State which is controlling rents) upon receipt of a resolution of its governing body adopted for that purpose in accordance with applicable local law and based upon a finding by such governing body, reached as a result of a public hearing held after ten days' notice, that there exists such a shortage in rental housing accommodations as to require Federal rent control in such city, town, village, or unincorporated area in such county. In establishing any maximum rent for any housing accommodations under this subsection the President shall give due consideration to the rents prevailing for such housing accommodations or comparable housing accommodations during the period from May 24, 1950, to June 24, 1950; and he shall make adjustment for such relevant factors as he shall determine and deem to be of general applicability in respect to such accommodations, including increases or decreases in property taxes and other costs within such State, incorporated city, town, or village, or unincorporated area.

1 “(1) Whenever the Secretary of Defense and the Di-
2 rector of Defense Mobilization, acting jointly, shall deter-
3 mine and certify to the President that any area (whether
4 then or ever controlled or decontrolled under this Act) is
5 a critical defense housing area, the President shall by regu-
6 lation or order establish such maximum rent or maximum
7 rents for any housing accommodations, not then subject to
8 rent control, in such area or portion thereof as in his judg-
9 ment will be fair and equitable. Notwithstanding the pro-
10 visions of section 202 (c) the term ‘controlled housing
11 accommodations’ as applied to any such critical defense
12 housing area shall include all housing accommodations in the
13 area, without exception. In establishing any maximum rent
14 for any housing accommodations under this subsection, the
15 President shall give due consideration to the rents prevailing
16 for such housing accommodations or comparable housing ac-
17 commodations during the period from May 24, 1950, to
18 June 24, 1950, and he shall make adjustment for such rele-
19 vant factors as he shall determine and deem to be of general
20 applicability in respect to such accommodations, including
21 increases or decreases in property taxes and other costs
22 within such area. Maximum rents in any critical defense
23 housing area shall be terminated at such time as the Secretary
24 of Defense and the Director of Defense Mobilization, acting
25 jointly, shall determine and certify to the President that such

1 area is no longer a critical defense housing area, or as pro-
 2 vided in subsection ~~(e)~~ or ~~(j)~~ of this section: *Provided,*
 3 *however,* That in any area where maximum rents are removed
 4 under the procedures provided in subsection ~~(e)~~ or ~~(j)~~ of
 5 this section, maximum rents may be reestablished after the
 6 expiration of thirty days on the determination and certifica-
 7 tion of the Secretary of Defense and the Director of Defense
 8 Mobilization, acting jointly. For the purpose of this subsec-
 9 tion a critical defense housing area shall be any area in
 10 which the following conditions exist:

11 ~~“(1)~~ a new defense plant or installation has been
 12 or is to be provided; or an existing defense plant or
 13 installation has been or is to be reactivated or its opera-
 14 tion substantially expanded;

15 ~~“(2)~~ substantial in-migration of defense workers
 16 or military personnel is required to carry out activi-
 17 ties at such plant or installation; and

18 ~~“(3)~~ a substantial shortage of housing required for
 19 such defense workers or military personnel exists or
 20 impends which impedes or threatens to impede activi-
 21 ties of such defense plant or installation.

22 ~~“(m)~~ Whenever an area has been certified under sub-
 23 section ~~(l)~~ to be a critical defense housing area real-estate
 24 construction credit controls imposed under title VI of the
 25 Defense Production Act of 1950 shall be relaxed to the

1 extent necessary to encourage construction of housing for
 2 defense workers and military personnel. The fact that any
 3 area has been certified as a critical defense housing area
 4 under subsection (1) shall not make such area ineligible
 5 for the location of additional defense plants, facilities, or
 6 installations, or as a source of additional military procure-
 7 ment of any sort.

8 “(n) No maximum rents shall be established under sub-
 9 section (1) for housing accommodations in any State where
 10 rent control is in effect or in any locality where local rent
 11 control is in effect, unless the rent component of the Con-
 12 sumer's Index of the Bureau of Labor Statistics for such
 13 State or locality has increased more than the United States
 14 average of the rent component of such index during the last
 15 six months for which such index is available immediately pre-
 16 ceding the establishment of such maximum rents. The rent
 17 component of the Consumer's Index of the Bureau of Labor
 18 Statistics for any State shall be the average, weighted by
 19 population as determined by the Bureau of Labor Statistics,
 20 for all reported cities in the State, except that, where only one
 21 city is reported, the rent component for the State shall be
 22 the rent component for that city. Upon the establishment
 23 of maximum rents pursuant to subsection (1) for housing
 24 accommodations in a State in which State rent control is in
 25 effect, State rent control shall thereupon terminate. Upon

1 the establishment of maximum rents pursuant to subsection
2 ~~(1)~~ for housing accommodations in a locality in which local
3 rent control is in effect, local rent control shall thereupon
4 terminate. The rent component for any locality subject to
5 local rent control shall be the rent component as established
6 by the Bureau of Labor Statistics for that locality. Where
7 data concerning rents have not been heretofore collected for
8 a city in a State having State rent control or for a particular
9 locality which has local rent control, the President may cause
10 a survey to be made by the Bureau of Labor Statistics for the
11 purpose of establishing a rent component for that State or
12 locality. For the purposes of this subsection, State rent con-
13 trol shall be deemed in effect in any State in which maximum
14 rents are controlled pursuant to State law throughout the
15 State, regardless of whether maximum rents are actually in
16 effect in every locality of the State.

17 “(o) In order to compensate for increases which have
18 occurred in costs and prices, the maximum rent in effect
19 on the date of enactment of this subsection for any housing
20 accommodations shall, upon sworn application, be in-
21 creased to 120 per centum of the following: The maxi-
22 mum rent for the housing accommodations ~~(or comparable~~
23 ~~housing accommodations)~~ in effect on June 30, 1947, plus
24 the amount of any increase allowed or allowable under this
25 Act for major capital improvements or for increases in living

1 space, services, furniture, furnishings, or equipment, and
2 minus any decrease required or requirable under this Act
3 for decreases in living space, services, furniture, furnish-
4 ings, or equipment, or for substantial deterioration or failure
5 to perform ordinary repair, replacement, or maintenance.
6 Any increase in a maximum rent applied for under this
7 subsection which is based upon the maximum rent in effect on
8 June 30, 1947, for the particular housing accommodations
9 and upon increases and decreases actually allowed under this
10 Act shall be effective upon the filing of the application.
11 Nothing in this subsection shall require the reduction of any
12 maximum rent, nor prevent such additional adjustment for
13 increases in costs and prices as the President may deem
14 appropriate."

15 ~~(d)~~ Section 205 of the Housing and Rent Act of 1947,
16 as amended, is amended to read as follows:

17 "SEC. 205. ~~(a)~~ Any person who demands, accepts, re-
18 ceives, or retains any payment of rent in excess of the maxi-
19 mum rent prescribed under the provisions of this Act, or any
20 regulation, order, or requirement thereunder, shall be liable to
21 the person from whom such payment is demanded, accepted,
22 received, or retained ~~(or shall be liable to the United States~~
23 ~~as hereinafter provided)~~ for reasonable attorney's fees and
24 costs as determined by the court, plus liquidated damages in
25 the amounts of ~~(1)~~ \$50, or ~~(2)~~ not more than three times

1 the amount by which the payment or payments demanded,
2 accepted, received, or retained exceed the maximum rent
3 which could lawfully be demanded, accepted, received, or re-
4 tained, as the court in its discretion may determine, which-
5 ever in either case may be the greater amount: *Provided,*
6 That the amount of such liquidated damages shall be the
7 amount of the overcharge or overcharges if the defendant
8 proves that the violation was neither willful nor the result
9 of failure to take practicable precautions against the occur-
10 rence of the violation.

11 “(b) Any person who unlawfully evicts a tenant shall
12 be liable to the person so evicted (or shall be liable to the
13 United States as hereinafter provided) for reasonable at-
14 torney’s fees and costs as determined by the court, plus
15 liquidated damages in the amounts of (1) one month’s rent
16 or \$50, whichever is greater, or (2) not more than three
17 times such monthly rent, or \$150, whichever is greater:
18 *Provided,* That the amount of such liquidated damages shall
19 be the amount of one month’s rent or \$50, whichever is
20 greater, if the defendant proves that the violation was neither
21 willful nor the result of failure to take practicable pre-
22 cautions against the occurrence of the violation.

23 “(c) Suit to recover liquidated damages as provided in
24 this section may be brought in any Federal court of compe-
25 tent jurisdiction regardless of the amount involved, or in any

1 State or Territorial court of competent jurisdiction, within
2 one year after the date of violation: *Provided*, That if the
3 person from whom such payment is demanded, accepted, re-
4 ceived, or retained, or the person wrongfully evicted, either
5 fails to institute an action under this section within thirty
6 days from the date of the occurrence of the violation or is
7 not entitled for any reason to bring the action, the United
8 States may settle the claim arising out of the violation or
9 within one year after the date of violation may institute such
10 action. If such claim is settled or such action is instituted,
11 the person from whom such payment is demanded, accepted,
12 received, or retained, or the person wrongfully evicted, shall
13 thereafter be barred from bringing an action for the same
14 violation or violations. For the purpose of determining the
15 amount of liquidated damages to be awarded to the plaintiff
16 in an action brought under subsection (a) of this section,
17 all violations alleged in an action under said subsection (a)
18 which were committed by the defendant with respect to the
19 plaintiff prior to the bringing of such an action shall be deemed
20 to constitute one violation and, in such action under subsection
21 (a) of this section, the amount demanded, accepted, received,
22 or retained in connection with such one violation shall be
23 deemed to be the aggregate amount demanded, accepted, re-
24 ceived, or retained in connection with all such violations.
25 A judgment for damages or on the merits in any action under

1 either subsection ~~(a)~~ or ~~(b)~~ of this section shall be a bar to
2 any recovery under the same subsection of this section in any
3 other action against the same defendant on account of any
4 violation with respect to the same person prior to the institu-
5 tion of the action in which such judgment was rendered."

6 ~~(e)~~ Section 206 ~~(a)~~ of the Housing and Rent Act of
7 1947, as amended, is amended to read as follows:

8 "~~(a)~~ ~~(1)~~ It shall be unlawful for any person to de-
9 mand, accept, receive, or retain any rent for the use or
10 occupancy of any controlled housing accommodations in
11 excess of the maximum rent prescribed under this Act, or
12 otherwise to do or omit to do any act, in violation of this
13 Act, or of any regulation or order or requirement under
14 this Act, or to offer, solicit, attempt, or agree to do any
15 of the foregoing.

16 "~~(2)~~ It shall be unlawful for any person to evict,
17 remove, or exclude, or cause to be evicted, removed, or ex-
18 cluded, any tenant from any controlled housing accommo-
19 dations in any manner or upon any grounds except as
20 authorized or permitted by the provisions of this Act or
21 any regulation, order, or requirement thereunder, and any
22 person who lawfully gains possession from a tenant of any
23 controlled housing accommodations, and thereafter fails
24 fully to comply with such requirements or conditions as
25 may have been imposed for such possession by the provi-

1 sions of this Act or any regulation, order, or requirement
2 thereunder, shall also be deemed to have unlawfully evicted
3 such tenant and shall be liable to such tenant, or to the
4 United States, as provided in this Act."

5 ~~(f)~~ ~~(1)~~ Section 202 ~~(a)~~ of the Housing and Rent Act
6 of 1947, as amended, is amended to read as follows:

7 “(a) The word ‘person’ includes an individual, corpora-
8 tion, partnership, association, or any other organized group of
9 persons, or legal successor or representative of the foregoing,
10 and includes the United States or any agency thereof, or any
11 other government, or any of its political subdivisions, or any
12 agency of any of the foregoing: *Provided*, That no punish-
13 ment provided by this Act shall apply to the United States,
14 or to any such government, political subdivision, or govern-
15 ment agency.”

16 ~~(2)~~ the first sentence of section 202 ~~(e)~~ ~~(1)~~ ~~(A)~~ of
17 the Housing and Rent Act of 1947, as amended, is amended
18 by striking out the following: “which is located in a city of
19 less than two million five hundred thousand population ac-
20 cording to the 1940 decennial census and”.

21 ~~(3)~~ Section 202 ~~(e)~~ ~~(1)~~ ~~(B)~~ of the Housing and Rent
22 Act of 1947, as amended, is repealed.

23 ~~(4)~~ The proviso in section 204 ~~(h)~~ of the Housing and
24 Rent Act of 1947, as amended, is repealed.

25 ~~(5)~~ Section 202 ~~(d)~~ of the Housing and Rent Act of

1 1947, as amended, is amended by inserting after “204 (i)
2 (1) or (2)” the following: “, 204 (k), or 204 (l)”.

3 ~~(g)~~ The first sentence of section 204 (b) ~~(1)~~ of the
4 Housing and Rent Act of 1947, as amended, is amended by
5 striking out “(h) and (i)” and inserting in lieu thereof
6 “(h), (i), (k), (l), and (o)”.

7 ~~(h)~~ Nothing in this Act or in the Housing and Rent
8 Act of 1947, as amended, shall be construed to require any
9 person to offer any housing accommodations for rent.

10 ~~(i)~~ ~~(1)~~ The last sentence of section 4 (c) of the Hous-
11 ing and Rent Act of 1947, as amended, is amended by in-
12 serting after the word “section” the following: “for persons
13 engaged in national defense activities and”.

14 ~~(2)~~ Section 4 (c) of the Housing and Rent Act of
15 1947, as amended, is amended by striking out “June 30,
16 1951” and inserting in lieu thereof “February 29, 1952”.

17 ~~(j)~~ Section 215 of the Independent Offices Appropria-
18 tion Act, 1946 (59 Stat. 134), and section 213 of the
19 Independent Offices Appropriation Act, 1947 (60 Stat. 81),
20 are hereby repealed.

21 SEC. 11. Nothing contained in this title shall be construed
22 to modify, repeal, supersede, or affect the provisions of either
23 ~~(1)~~ the Agricultural Act of 1949, or ~~(2)~~ the Agricultural
24 Marketing Agreement Act of 1937, as amended, or to
25 invalidate any marketing agreement, license, or order, or

1 any provision thereof or amendment thereto, heretofore or
2 hereafter made or issued under the provisions of the Agri-
3 cultural Marketing Agreement Act of 1937, as amended.

4 TITLE II—CRITICAL DEFENSE HOUSING AREAS,
5 PROCEDURES FOR EXERCISE OF AUTHORITY,
6 AND EXPIRATION DATE

7 SEC. 201. (a) Notwithstanding any other provisions of
8 this Act, the authority contained in titles III, IV, or V
9 of this Act shall not be exercised in any area unless the
10 President shall have determined that such area is a critical
11 defense housing area.

12 (b) No area shall be determined to be a critical defense
13 housing area pursuant to this section unless the President
14 finds that in such area the following conditions exist:

15 (1) a new defense plant or installation has been
16 or is to be provided, or an existing defense plant or
17 installation has been or is to be reactivated or its opera-
18 tion substantially expanded;

19 (2) substantial in-migration of defense workers or
20 military personnel is required to carry out activities at
21 such plant or installation; and

22 (3) a substantial shortage of housing required for
23 such defense workers or military personnel exists or
24 impends which impedes or threatens to impede activities
25 at such defense plant or installation, or that community

1 facilities or services required for such defense workers
2 or military personnel are not available or are insufficient,
3 or both, as the case may be.

4 SEC. 202. In order to assure that private enterprise
5 shall be afforded full opportunity to provide the defense
6 housing needed wherever possible, in any area which the
7 President, pursuant to the authority contained in section 201
8 hereof, has declared to be a critical defense housing area—

9 (a) first, the number of permanent dwelling units
10 (including information as to types, rentals, and general
11 locations) needed for defense workers and military per-
12 sonnel in such critical defense housing area shall be
13 publicly announced by the Housing and Home Finance
14 Administrator;

15 (b) second, residential credit restrictions under the
16 Defense Production Act of 1950 shall be relaxed in such
17 manner and to such extent as the President determines
18 to be appropriate and necessary to obtain the production
19 of housing needed in such area for defense workers or
20 military personnel;

21 (c) third, the mortgage insurance aids provided
22 under title III of this Act shall be made available to
23 obtain the production of housing needed in such area for
24 defense workers or military personnel; and

1 ~~(a)~~ fourth, no permanent housing shall be con-
2 structed by the Federal Government under the provisions
3 of title IV hereof except to the extent that private
4 builders or eligible mortgagees have not, within a period
5 of not less than ninety days ~~(as the Housing and Home~~
6 Finance Administrator shall specify) following public
7 announcement of the availability of such mortgage in-
8 surance aids under title III of this Act, indicated
9 through bona fide applications ~~(which are eligible for~~
10 approval) for exceptions from such residential credit
11 restrictions or for mortgage insurance or guaranty that
12 they will provide the housing determined to be needed
13 in such area for defense workers and military personnel
14 and publicly announced as provided by subsection ~~(a)~~
15 of this section.

16 SEC. 203. In order to assure that community facilities
17 or services required in connection with national defense
18 activities shall, wherever possible, be provided by the appro-
19 priate local agencies with local funds, in any area which the
20 President, pursuant to the authority contained in section 201
21 hereof, has declared to be a critical defense housing area—

22 ~~(a)~~ no loan shall be made pursuant to title IV of
23 this Act for the provision of community facilities or
24 equipment therefor required in connection with national

1 defense activities in such area unless the chief executive
2 officer of the appropriate political subdivision certifies,
3 and the Housing and Home Finance Administrator
4 finds, that such facilities or equipment could not other-
5 wise be provided when needed;

6 (b) no grant or other payment shall be made pur-
7 suant to title IV of this Act for the provision, or for
8 the operation and maintenance, of community facilities
9 or equipment therefor, or for the provision of community
10 services, required in connection with national defense
11 activities in such area unless the chief executive officer of
12 the appropriate political subdivision certifies, and the
13 Housing and Home Finance Administrator finds, that
14 such community facilities or services cannot otherwise be
15 provided when needed, or operated and maintained, as
16 the case may be, without the imposition of an increased
17 excessive tax burden or an unusual or excessive increase
18 in the debt limit of the appropriate local agency; and

19 (c) no community facilities or services shall be pro-
20 vided, and no community facilities shall be maintained
21 and operated, by the United States directly except where
22 the appropriate local agency is demonstrably unable to
23 provide such facilities and services, or to maintain or
24 operate such community facilities and services ade-

1 quately with its own personnel, with loans, grants, or
2 payments authorized to be made pursuant to title IV
3 hereof.

4 For the purposes of this section, the term "chief executive
5 officer of the appropriate political subdivision" shall mean
6 appropriate principal executive officer or governing body
7 having primary responsibility with respect to the community
8 facility or service involved.

9 SEC. 204. After June 30, 1953, (a) no mortgage may
10 be insured under title IX of the National Housing Act, as
11 amended (except (i), pursuant to a commitment to insure
12 issued on or before such date, or (ii) a mortgage given to
13 refinance an existing mortgage insured under that title and
14 which does not exceed the original principal amount and
15 unexpired term of such existing mortgage), (b) no agree-
16 ment may be made to extend assistance for the provision of
17 community facilities or services under title IV of this Act,
18 and no construction of housing or community facilities by
19 the Housing and Home Finance Administrator may be be-
20 gun under such title, (c) no land may be acquired by the
21 Housing and Home Finance Administrator under title V
22 of this Act, and (d) no loan may be made or obligations
23 purchased by the Housing and Home Finance Administrator
24 under section 102a of the Housing Act of 1948, as amended
25 (except pursuant to a commitment issued on or before June

1 30, 1953, or to refinance an existing loan or existing obliga-
2 tions held under such section by said Administrator on June
3 30, 1953).

4 ~~TITLE III—MORTGAGE INSURANCE FOR~~
5 DEFENSE HOUSING

6 SEC. 301. The National Housing Act, as amended, is
7 amended by the addition of the following title at the end
8 thereof:

9 ~~“TITLE IX—NATIONAL DEFENSE HOUSING~~
10 INSURANCE

11 “SEC. 901. As used in this title, the terms ‘mortgage’,
12 ‘first mortgage’, ‘mortgagee’, ‘mortgager’, ‘maturity date’,
13 and ‘State’ shall have the same meaning as in section 201 of
14 this Act.

15 “SEC. 902. There is hereby created a National Defense
16 Housing Insurance Fund which shall be used by the Com-
17 missioner as a revolving fund for carrying out the provisions
18 of this title, and mortgages insured under this title shall be
19 known and referred to as ‘national defense housing insured
20 mortgages’. The Commissioner is hereby authorized and
21 directed to transfer to such fund the sum of \$10,000,000
22 from the War Housing Insurance Fund established pursuant
23 to the provisions of section 602 of this Act. General expenses
24 of operation of the Federal Housing Administration under
25 this title may be charged to the National Defense Housing

1 Insurance Fund: *Provided*, That no moneys in said funds
2 shall be expended for administrative expenses of the Federal
3 Housing Administration under this title except pursuant to
4 such specific authorization therefor as may hereafter be
5 enacted by the Congress.

6 “SEC. 903. (a) This title is designed to supplement
7 systems of mortgage insurance under other provisions of the
8 National Housing Act in order to assist in providing adequate
9 housing in areas which the President, pursuant to section
10 101 of the Defense Housing and Community Facilities and
11 Services Act of 1951, shall have determined to be critical
12 defense housing areas. The Commissioner is authorized,
13 upon application by the mortgagee, to insure under this
14 section or section 908 as hereinafter provided any mortgage
15 which is eligible for insurance as hereinafter provided and
16 upon such terms as the Commissioner may prescribe to
17 make commitments for the insuring of such mortgages prior
18 to the date of their execution or disbursement thereon:
19 *Provided*, That the property covered by the mortgage is in
20 an area which the President, pursuant to section 101 of the
21 Defense Housing and Community Facilities and Services
22 Act of 1951, shall have determined to be a critical defense
23 housing area, and that the total number of dwelling units in
24 properties covered by mortgages insured under this title in

1 any such area does not exceed the number authorized by the
2 Housing and Home Finance Administrator from time to time
3 as needed in such area for defense purposes and to be insured
4 pursuant to this title: *Provided further*, That the aggregate
5 amount of principal obligations of all mortgages insured under
6 this title shall not exceed such sum as may be authorized by
7 the President from time to time for the purposes of this title
8 pursuant to his authority under section 217 hereof: *Provided*
9 *further*, That the Commissioner shall have power to require
10 properties covered by mortgages insured under this title to be
11 held for rental for such periods of time and at such rentals or
12 other charges as he may prescribe; and, with respect to such
13 properties being held for rental, (1) to require that the
14 property be held by a mortgagor approved by him, and
15 (2) to prescribe such requirements as he deems to be reason-
16 able governing the method of operation and prohibiting or
17 restricting sales of such properties or interests therein or
18 agreements relating to such sales: *And provided further*,
19 That no mortgage shall be insured under this title unless the
20 mortgagor certifies under oath that in selecting tenants for
21 any property covered by the mortgage he will not discrimi-
22 nate against any family by reason of the fact that there are
23 children in the family, and that he will not sell the property
24 while the insurance is in effect unless the purchaser so certi-

1 files, such certification to be filed with the Commissioner.
2 Violation of any such certification shall be a misdemeanor
3 punishable by a fine of not to exceed \$500.

4 “(b) To be eligible for insurance under this section a
5 mortgage shall—

6 “(1) have been made to, and be held by, a mort-
7 gagee approved by the Commissioner as responsible and
8 able to service the mortgage properly;

9 “(2) involve a principal obligation (including such
10 initial service charges, appraisal, inspection, and other
11 fees as the Commissioner shall approve) in an amount
12 not to exceed 90 per centum of the appraised value (as
13 of the date the mortgage is accepted for insurance) of
14 a property, urban, suburban, or rural, upon which there
15 is located a dwelling designed principally for residential
16 use for not more than two families in the aggregate,
17 which is approved for mortgage insurance prior to the
18 beginning of construction, the construction of which is
19 begun after the date of enactment of this title. The prin-
20 cipal obligation of such mortgage shall not, however,
21 exceed \$8,100 if such dwelling is designated for a single-
22 family residence, or \$15,000 if such dwelling is designed
23 for a two-family residence except that the Commis-
24 sioner may by regulation increase these amounts to not
25 to exceed \$9,000 and \$16,000, respectively, in any geo-

graphical area where he finds that cost levels so require: *Provided*, That if the Commissioner finds that it is not feasible within the aforesaid dollar amount limitations to construct dwellings containing three or four bedrooms per family unit without sacrifice of sound standards of construction, design, and livability, he may increase such dollar amount limitations by not exceeding \$1,080 for each additional bedroom (as defined by the Commissioner) in excess of two contained in such family unit if he finds that such unit meets sound standards of livability as a three-bedroom or a four-bedroom unit, as the case may be;

“(3) have a maturity satisfactory to the Commissioner but not to exceed twenty-five years from the date of the insurance of the mortgage;

“(4) contain complete amortization provisions satisfactory to the Commissioner;

“(5) bear interest (exclusive of premium charges for insurance) at not to exceed $4\frac{1}{2}$ per centum per annum on the amount of the principal obligation outstanding at any time;

“(6) provide, in a manner satisfactory to the Commissioner, for the application of the mortgagor's periodic payments (exclusive of the amount allocated to interest and to the premium charge which is required for mort-

1 gage insurance as herein provided) to amortization of
2 the principal of the mortgage; and

3 “(7) contain such terms and provisions with re-
4 spect to insurance, repairs, alterations, payment of taxes,
5 default reserves, delinquency charges, foreclosure pro-
6 ceedings, anticipation of maturity, additional and see-
7 ondary liens, and other matters as the Commissioner may
8 in his discretion prescribe.

9 “(e) The Commissioner is authorized to fix a premium
10 charge for the insurance of mortgages under this title but
11 in the case of any mortgage such charge shall not be less
12 than an amount equivalent to one-half of 1 per centum per
13 annum nor more than an amount equivalent to $1\frac{1}{2}$ per
14 centum per annum of the amount of the principal obligation
15 of the mortgage outstanding at any time, without taking into
16 account delinquent payments or prepayments. Such pre-
17 mium charges shall be payable by the mortgagee, either in
18 cash or in debentures issued by the Commissioner under
19 this title at par plus accrued interest, in such manner as may
20 be prescribed by the Commissioner: *Provided*, That the
21 Commissioner may require the payment of one or more
22 such premium charges at the time the mortgage is insured,
23 at such discount rate as he may prescribe not in excess of the
24 interest rate specified in the mortgage. If the Commissioner
25 finds upon the presentation of a mortgage for insurance and

1 the tender of the initial premium charge or charges so re-
2 quired that the mortgage complies with the provisions of
3 this title, such mortgage may be accepted for insurance by
4 endorsement or otherwise as the Commissioner may pre-
5 scribe; but no mortgage shall be accepted for insurance
6 under this title unless the Commissioner finds that the proj-
7 ect with respect to which the mortgage is executed is an ac-
8 ceptable risk in view of the needs of national defense. In
9 the event that the principal obligation of any mortgage ac-
10 cepted for insurance under this title is paid in full prior to
11 the maturity date, the Commissioner is further authorized
12 in his discretion to require the payment by the mortgagee
13 of an adjusted premium charge in such amount as the Com-
14 missioner determines to be equitable, but not in excess of
15 the aggregate amount of the premium charges that the mort-
16 gagee would otherwise have been required to pay if the
17 mortgage had continued to be insured under this title until
18 such maturity date; and in the event that the principal
19 obligation is paid in full as herein set forth the Commissioner
20 is authorized to refund to the mortgagee for the account of
21 the mortgagor all, or such portion as he shall determine to
22 be equitable, of the current unearned premium charges there-
23 tofore paid.

24 “(d) Notwithstanding any other provisions of this or
25 any other Act, except provisions of law enacted hereafter

1 expressly referring to this paragraph (d), the Commissioner,
2 with the approval of the Housing and Home Finance
3 Administrator, is further authorized to prescribe such
4 procedures as are necessary to secure to persons engaged
5 or to be engaged in national defense activities preference
6 or priority of opportunity to purchase or rent properties, or
7 interests therein, covered by mortgages insured under this
8 title.

9 “(e) With respect to any mortgage insured under this
10 section, the mortgagor shall agree (i) to certify under oath,
11 upon completion of the physical improvements on the mort-
12 gaged property or project and prior to final endorsement of
13 the mortgage, either (a) that the amount of the actual cost
14 of said physical improvements (exclusive of the profit of
15 the prime contractor of off-site public utilities and streets and
16 organization and legal expenses) equaled or exceeded the
17 proceeds of the mortgage loan or (b) the amount by which
18 the proceeds of the mortgage loan exceeded the actual cost
19 of said physical improvements (exclusive of the profits of the
20 prime contractor of off-site public utilities and streets and
21 organization and legal expenses), as the case may be, and
22 (ii) to pay, within sixty days after such certification, to
23 the mortgagee, for application to the reduction of the prin-
24 cipal obligation of such mortgage, the amount, if any, so
25 certified to be in excess of such actual cost. Said mortgagor

1 shall require, by contract with each principal contractor,
2 that said contractor will submit for inspection by the Com-
3 missioner, and keep available for a period of two years after
4 date of said contract, records of his actual costs, expenses,
5 and charges, and that said contractor shall submit for inspec-
6 tion by the Commissioner, and keep available for a period
7 of two years after date of said contract, all invoices from
8 subcontractors and architects, and records of actual disburse-
9 ments to said subcontractors and architects. The Commis-
10 sioner shall construe the term 'actual cost' in such a manner
11 as to reduce the same by the amount of all kick-backs,
12 rebates, and normal trade discounts received in connection
13 with the construction of the said physical improvements, and
14 to include only the actual amounts paid for labor and ma-
15 terials and necessary services in connection therewith.

16 “(f) Any contract of insurance heretofore or hereafter
17 executed by the Commissioner under this title shall be con-
18 clusive evidence of the eligibility of the mortgage for insur-
19 ance, and the validity of any contract of insurance so exe-
20 cuted shall be incontestable in the hands of an approved
21 mortgagee from the date of the execution of such contract,
22 except for fraud or misrepresentation on the part of such
23 approved mortgagee.

24 “SEC. 904. (a) In any case in which the mortgagee
25 under a mortgage insured under section 903 shall have fore-

1 closed and taken possession of the mortgaged property, in
2 accordance with regulations of, and within a period to be
3 determined by, the Commissioner, or shall, with the consent
4 of the Commissioner, have otherwise acquired such property
5 from the mortgagor after default, the mortgagee shall be
6 entitled to receive the benefit of the insurance as hereinafter
7 provided, upon ~~(1)~~ the prompt conveyance to the Commis-
8 sioner of title to the property which meets the requirements
9 of rules and regulations of the Commissioner in force at the
10 time the mortgage was insured, and which is evidenced in the
11 manner prescribed by such rules and regulations; and ~~(2)~~ the
12 assignment to him of all claims of the mortgagee against the
13 mortgagor or others, arising out of the mortgage transaction
14 or foreclosure proceedings, except such claims as may have
15 been released with the consent of the Commissioner. Upon
16 such conveyance and assignment the obligation of the mort-
17 gagee to pay the premium charges for insurance shall cease
18 and the Commissioner shall, subject to the cash adjustment
19 hereinafter provided, issue to the mortgagee debentures hav-
20 ing a total face value equal to the value of the mortgage and
21 a certificate of claim, as hereinafter provided. For the pur-
22 poses of this subsection, the value of the mortgage shall be
23 determined, in accordance with rules and regulations pre-
24 scribed by the Commissioner, by adding to the amount of
25 the original principal obligation of the mortgage which was

1 unpaid on the date of the institution of foreclosure proceed-
 2 ings, or on the date of the acquisition of the property after
 3 default other than by foreclosure, the amount of all payments
 4 which have been made by the mortgagee for taxes, ground
 5 rents, and water rates, which are liens prior to the mortgage,
 6 special assessments which are noted on the application for
 7 insurance or which become liens after the insurance of the
 8 mortgage, insurance of the mortgaged property, and any
 9 mortgage insurance premiums paid after either of such dates
 10 and by deducting from such total amount any amount received
 11 on account of the mortgage after either of such dates and any
 12 amount received as rent or other income from the property,
 13 less reasonable expenses incurred in handling the property,
 14 after either of such dates: *Provided*, That with respect to
 15 mortgages which are foreclosed before there shall have been
 16 paid on account of the principal obligation of the mortgage
 17 a sum equal to 10 per centum of the appraised value of the
 18 property as of the date the mortgage was accepted for insur-
 19 ance, there may be included in the debentures issued by the
 20 Commissioner, on account of the cost of foreclosure (or of
 21 acquiring the property by other means) actually paid by the
 22 mortgagee and approved by the Commissioner an amount—
 23 “(1) not in excess of 2 per centum of the unpaid
 24 principal of the mortgage as of the date of the institution
 25 of foreclosure proceedings and not in excess of \$75; or

1 “(2) not in excess of two-thirds of such cost, which-
2 ever is the greater: *And provided further*, That with
3 respect to mortgages to which the provisions of sections
4 302 and 306 of the Soldiers’ and Sailors’ Civil Relief
5 Act of 1940, as now or hereafter amended, apply and
6 which are insured under section 903, and subject to such
7 regulations and conditions as the Commissioner may pre-
8 scribe, there shall be included in the debentures an
9 amount which the Commissioner finds to be sufficient
10 to compensate the mortgagee for any loss which it may
11 have sustained on account of interest on debentures and
12 the payment of insurance premiums by reason of its
13 having postponed the institution of foreclosure proceed-
14 ings or the acquisition of the property by other means
15 during any part or all of the period of such military
16 service and three months thereafter.

17 “(b) The Commissioner may at any time, under such
18 terms and conditions as he may prescribe, consent to the
19 release of the mortgagor from his liability under the mortgage
20 or the credit instrument secured thereby, or consent to the
21 release of parts of the mortgaged property from the lien
22 of the mortgage.

23 “(c) Debentures issued under this title shall be in such
24 form and denominations in multiples of \$50, shall be subject
25 to such terms and conditions, and shall include such pro-

visions for redemption, if any, as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury, and may be in coupon or registered form. Any difference between the amount of debentures to which the mortgagee is entitled under this section or section 908 of this Act and the aggregate face value of the debentures issued, not to exceed \$50, shall be adjusted by the payment of cash by the Commissioner to the mortgagee from the National Defense Housing Insurance Fund.

“(d) The debentures issued under this section to any mortgagee shall be executed in the name of the National Defense Housing Insurance Fund as obligor, shall be signed by the Commissioner by either his written or engraved signature, and shall be negotiable. All such debentures shall be dated as of the date foreclosure proceedings were instituted, or the property was otherwise acquired by the mortgagee after default, and shall bear interest from such date at a rate determined by the Commissioner, with the approval of the Secretary of the Treasury, at the time the mortgage was accepted for insurance, but not to exceed 3 per centum per annum, payable semiannually on the 1st day of January and the 1st day of July of each year. Such debentures shall mature ten years after the date thereof. Such debentures shall be exempt, both as to principal and interest, from all

1 taxation (except surtaxes, estate, inheritance, or gift taxes)
2 now or hereafter imposed by any Territory, dependency, or
3 possession of the United States, or by the District of Colum
4 bia, or by any State, county, municipality, or local taxing
5 authority, and shall be paid out of the National Defense
6 Housing Insurance Fund, which shall be primarily liable
7 therefor, and they shall be fully and unconditionally guar-
8 anteed as to principal and interest by the United States,
9 and such guaranty shall be expressed on the face of the
10 debentures. In the event that the National Defense Hous-
11 ing Insurance Fund fails to pay upon demand, when due,
12 the principal of or interest on any debentures issued under
13 this title, the Secretary of the Treasury shall pay to the
14 holders the amount thereof which is hereby authorized to
15 be appropriated, out of any money in the Treasury not other-
16 wise appropriated, and thereupon to the extent of the
17 amount so paid the Secretary of the Treasury shall succeed
18 to all the rights of the holders of such debentures.

19 “(e) The certificate of claim issued by the Commis-
20 sioner to any mortgagee under this section shall be for an
21 amount determined in accordance with, and shall contain
22 provisions and shall be paid in accordance with, the pro-
23 visions of section 204 (e) and section 204 (f) of this Act
24 which are applicable to mortgages insured under section 207,
25 except that the reference in section 204 (f) to ‘the Housing

1 Insurance Fund' shall be deemed for the purposes of this
2 section to be a reference to the National Defense Housing
3 Insurance Fund.

4 “(f) Notwithstanding any other provision of law
5 relating to the acquisition, handling, or disposal of real
6 property by the United States, the Commissioner shall have
7 power to deal with, complete, rent, renovate, modernize,
8 insure, make contracts or establish suitable agencies for the
9 management of, or sell for cash or credit, in his discretion,
10 any properties conveyed to him in exchange for debentures
11 and certificates of claim as provided in this section; and,
12 notwithstanding any other provision of law, the Commis-
13 sioner shall also have power to pursue to final collection, by
14 way of compromise or otherwise, all claims against mort-
15 gagors assigned by mortgagees to the Commissioner as pro-
16 vided in this title: *Provided*, That section 3709 of the Revised
17 Statutes shall not be construed to apply to any purchase or
18 contract for services or supplies on account of such property
19 if the amount thereof does not exceed \$1,000. The power
20 to convey and to execute in the name of the Commissioner
21 deeds of conveyances, deeds of release, assignments, and
22 satisfactions of mortgages, and any other written instrument
23 relating to real property or any interest therein heretofore
24 or hereafter acquired by the Commissioner pursuant to the
25 provisions of this Act, may be exercised by the Commissioner

1 or by any Assistant Commissioner appointed by him, with-
2 out the execution of any express delegation of power or
3 power of attorney: *Provided*, That nothing in this subsec-
4 tion shall be construed to prevent the Commissioner from
5 delegating such power by order or by power of attorney
6 in his discretion, to any officer, agent, or employee he may
7 appoint.

8 “(g) No mortgagee or mortgagor shall have, and no
9 certificate of claim shall be construed to give to any mort-
10 gagee or mortgagor, any right or interest in any property
11 conveyed to the Commissioner or in any claim assigned to
12 him; nor shall the Commissioner owe any duty to any mort-
13 gagee or mortgagor with respect to the handling or disposal
14 of any such property or the collection of any such claim.

15 “SEC. 905. (a) Moneys in the National Defense Hous-
16 ing Insurance Fund not needed for the current operations
17 of the Federal Housing Administration under this title shall
18 be deposited with the Treasurer of the United States to the
19 credit of the National Defense Housing Insurance Fund, or
20 invested in bonds or other obligations of, or in bonds or other
21 obligations guaranteed as to principal and interest by, the
22 United States. The Commissioner may, with the approval
23 of the Secretary of the Treasury, purchase in the open
24 market debentures issued under the provisions of this title.

1 Such purchases shall be made at a price which will provide
2 an investment yield of not less than the yield obtainable
3 from other investments authorized by this section. De-
4 bentures so purchased shall be canceled and not reissued.

5 “(b) Premium charges, adjusted premium charges, and
6 appraisal and other fees, received on account of the insur-
7 ance of any mortgage insured under this title, the receipts
8 derived from any such mortgage or claim assigned to the
9 Commissioner and from any property acquired by the Com-
10 missioner, and all earnings on the assets of the National
11 Defense Housing Insurance Fund, shall be credited to the
12 National Defense Housing Insurance Fund. The principal
13 of and interest paid and to be paid on debentures issued in
14 exchange for any mortgage or property insured under this
15 title, cash adjustments, and expenses incurred in the handling
16 of such mortgages or property and in the foreclosure and
17 collection of mortgages and claims assigned to the Commis-
18 sioner under this title, shall be charged to the National
19 Defense Housing Insurance Fund.

20 “SEC. 906. Nothing in this title shall be construed to
21 exempt any real property acquired and held by the Com-
22 missioner under this title from taxation by any State or
23 political subdivision thereof, to the same extent, according
24 to its value, as other real property is taxed.

1 “SEC. 907. The Commissioner is authorized and di-
2 rected to make such rules and regulations as may be neces-
3 sary to carry out the provisions of this title.

4 “SEC. 908. (a) In addition to mortgages insured under
5 section 903 of this title, the Commissioner is authorized to
6 insure mortgages as defined in section 901 of this title
7 (including advances on such mortgages during construction)
8 which are eligible for insurance as hereinafter provided.

9 “(b) To be eligible for insurance under this section
10 a mortgage shall meet the following conditions:

11 “(1) The mortgaged property shall be held by a mort-
12 gagor approved by the Commissioner. The Commissioner
13 may, in his discretion, require such mortgagor to be regu-
14 lated or restricted as to rents or sales, charges, capital
15 structure, rate of return, and methods of operation. The
16 Commissioner may make such contracts with, and acquire
17 for not to exceed \$100 stock or interest in any such mort-
18 gagor, as the Commissioner may deem necessary to render
19 effective such restriction or regulation. Such stock or interest
20 shall be paid for out of the National Defense Housing Insur-
21 ance Fund, and shall be redeemed by the mortgagor at
22 par upon the termination of all obligations of the Commis-
23 sioner under the insurance.

24 “(2) The mortgage shall involve a principal obligation
25 in an amount—

1 “(A) not to exceed \$5,000,000; and

2 “(B) not to exceed 90 per centum of the amount
3 which the Commissioner estimates will be the value of
4 the property or project when the proposed improve-
5 ments are completed: *Provided*, That such mortgage
6 shall not in any event exceed the amount which the
7 Commissioner estimates will be the cost of the completed
8 physical improvements on the property or project ex-
9 clusive of off-site public utilities and streets and organi-
10 zation and legal expenses; and

11 “(C) not to exceed \$8,100 per family unit (or
12 \$7,200 per family unit if the number of rooms in such
13 property or project does not equal or exceed four per
14 family unit) for such part of such property or project as
15 may be attributable to dwelling use: *Provided*, That the
16 Commissioner may by regulation increase such dollar
17 amount limitations by not exceeding \$900 in any geo-
18 graphical area where he finds that cost levels so require.

19 “(3) The mortgagor shall agree (i) to certify under
20 oath, upon completion of the physical improvements on the
21 mortgaged property or project and prior to final endorsement
22 of the mortgage, either (a) that the amount of the actual
23 cost of said physical improvements (exclusive of the profit
24 of the prime contractor of off-site public utilities and streets
25 and organization and legal expenses) equaled or exceeded

1 the proceeds of the mortgage loan or (b) the amount by
2 which the proceeds of the mortgage loan exceeded the actual
3 cost of said physical improvements (exclusive of the profit
4 of the prime contractor of off-site public utilities and streets
5 and organization and legal expenses); as the case may be,
6 and (ii) to pay, within sixty days after such certification,
7 to the mortgagee, for application to the reduction of the
8 principal obligation of such mortgage, the amount, if any,
9 so certified to be in excess of such actual cost. Said mort-
10 gager shall require, by contract with each principal con-
11 tractor, that said contractor will submit for inspection by
12 the Commissioner, and keep available for a period of two
13 years after date of said contract, records of his actual costs,
14 expenses, and charges, and that said contractor shall further
15 submit for inspection by the Commissioner, and keep avail-
16 able for a period of two years after date of said contract,
17 all invoices from subcontractors and architects, and records
18 of actual disbursements to said subcontractors and architects.
19 The Commissioner shall construe the term 'actual cost' in
20 such a manner as to reduce same by the amount of any
21 kick-backs, rebates, and normal trade discounts received in
22 connection with the construction of the said physical im-
23 provements, and to include only the actual amounts paid
24 for labor and materials and necessary services in connection
25 therewith.

1 “The mortgage shall provide for complete amortization
2 by periodic payments within such term as the Commissioner
3 shall prescribe, and shall bear interest (exclusive of premium
4 charges for insurance) at not to exceed 4 per centum per
5 annum on the amount of the principal obligation outstanding
6 at any time. The Commissioner may consent to the release
7 of a part or parts of the mortgaged property from the lien
8 of the mortgage upon such terms and conditions as he may
9 prescribe and the mortgage may provide for such release.

10 “(e) The mortgagee shall be entitled to receive debentures in connection with mortgages insured under this section in the amount and under the conditions specified in subsection (g) of section 207 of this Act, and the references in said subsection (g) to the cash adjustment provided for in subsection (j) of section 207 and to the certificate of claim provided for in subsection (h) of section 207 shall be deemed to refer respectively to the cash adjustment provided for in subsection (e) of section 904 of this Act and to the certificate of claim provided for in subsection (d) of this section.

21 “(d) The certificate of claim issued by the Commissioner to any mortgagee under this section shall be for an amount determined in accordance with, and shall contain provisions and shall be paid in accordance with, the provisions of section 207 (h) of this Act, except that the refer-

1 enee in section 207 ~~(h)~~ to 'the Housing Insurance Fund'
 2 shall be deemed for the purposes of this section to be a
 3 reference to the National Defense Housing Insurance Fund.

4 ~~"(c)~~ Debentures issued under this section shall be issued
 5 in accordance with the provisions of section 904 ~~(c)~~ and
 6 ~~(d)~~ except that such debentures shall be dated as of the date
 7 of default as determined in subsection ~~(e)~~ of this section, and
 8 shall bear interest from such date.

9 ~~"(f)~~ The provisions of section 207 ~~(k)~~ and section
 10 207 ~~(l)~~ of this Act shall be applicable to mortgages insured
 11 under this section and to property acquired by the Commis-
 12 sioner hereunder, except that as applied to such mortgages
 13 and property ~~(1)~~ all references in such sections 207 ~~(k)~~
 14 and 207 ~~(l)~~ to the 'Housing Fund' shall be construed to
 15 refer to the National Defense Housing Insurance Fund, and
 16 ~~(2)~~ the reference therein to 'subsection ~~(g)~~' shall be con-
 17 strued to refer to subsection ~~(e)~~ of this section.

18 ~~"(g)~~ In any case where an application for insurance
 19 under section 608 of this Act was received by the Federal
 20 Housing Commissioner on or before March 1, 1950, and has
 21 not been rejected or committed upon, the mortgagee upon
 22 reapplication for insurance of a mortgage under this section
 23 908 with respect to the same property shall receive credit
 24 for any application fees paid in connection with the prior
 25 application: *Provided*, That this subsection shall not consti-

1 tute a waiver of any requirements otherwise applicable to the
2 insurance of mortgages under this section.”

3 SEC. 302. Sections 1 and 5 of the National Housing
4 Act, as amended, are further amended by striking out the
5 words “titles II, III, VI, VII, and VIII” each time they
6 appear and inserting in lieu thereof the words “titles II,
7 III, VI, VII, VIII, and IX”.

8 SEC. 303. Section 212 (a) of said Act, as amended, is
9 hereby amended by deleting the words “or under title VIII,
10 a mortgage or investment” and by inserting in lieu thereof
11 the words “or under title VIII, or under section 908 of title
12 IX, a mortgage or investment”.

13 SEC. 304. Section 215 of said Act, as amended, is hereby
14 amended by deleting the words “or title VIII” and inserting
15 in lieu thereof the words “title VIII, or title IX”.

16 SEC. 305. Section 301 (a) of said Act, as amended, is
17 hereby amended by striking out of paragraph (1) the words
18 “or section 8 of title I of” and inserting in lieu thereof the
19 words “section 8 of title I, or title IX of”.

20 SEC. 306. Section 608 of said Act, as amended, is further
21 amended by striking out paragraph (g) thereof and insert-
22 ing in lieu thereof the following:

23 “(g) The Commissioner shall also have power to insure
24 under this title, title I, title II, title VIII, or title IX any
25 mortgage executed in connection with the sale by him of any

1 property acquired under any of such titles without regard to
2 limitations upon eligibility, time, or aggregate amount con-
3 tained therein."

4 SEC. 307. Section 24 of the Federal Reserve Act, as
5 amended, is hereby amended by striking out of the third
6 sentence "or section 8 of title I" and inserting in lieu thereof
7 the words "section 8 of title I, or title IX".

8 SEC. 308. Section 10 of the Federal Home Loan Bank
9 Act, as amended, is further amended by striking out of sub-
10 section (a) (1) the words "or title VIII" and inserting in
11 lieu thereof the words "title VIII, or title IX".

12 TITLE IV—PROVISION OF DEFENSE HOUSING
13 AND COMMUNITY FACILITIES AND SERVICES

14 SEC. 401. Subject to the provisions and limitations of
15 title I hereof and subject to the provisions and limitations of
16 this title, the Housing and Home Finance Administrator
17 (hereinafter referred to as the "Administrator") is author-
18 ized to provide permanent housing in isolated or relatively
19 isolated areas (subject to the provisions of section 201
20 hereof), or to provide temporary housing, needed for defense
21 workers or military personnel or to extend assistance for the
22 provision of, or to provide, temporary housing and com-
23 munity facilities or services required in connection with
24 national defense activities in any area which the President,

1 pursuant to the authority contained in section 201 hereof, has
2 determined to be a critical defense housing area.

3 SEC. 402. (a) To the maximum extent feasible and
4 consistent with other requirements of national defense, any
5 permanent housing constructed pursuant to the authority of
6 this title shall consist of one- to four-family dwelling struc-
7 tures (including row houses) so arranged that they may be
8 offered for separate sale. All housing of permanent con-
9 struction which is constructed or acquired under the author-
10 ity of this title shall be sold as expeditiously as possible and
11 in the public interest taking into consideration the contin-
12 uation of the need for such housing by persons engaged in
13 national defense activities. All dwelling structures of per-
14 manent construction designed for occupancy by not more
15 than four families (including row houses) shall, wherever
16 feasible, be offered for separate sale, and preference in the
17 purchase of any such dwelling structures shall be granted to
18 occupants and to veterans over other prospective purchasers.
19 As among veterans, preference in the purchase of any such
20 dwelling structure shall be given to disabled veterans whose
21 disability has been determined by the Veterans' Administra-
22 tion to be service-connected. All dwelling structures of per-
23 manent construction in any housing project which are de-
24 signed for occupancy by more than four families (and other

1 structures in such project which are not sold separately)
2 shall be sold as an entity. On such sales first preference
3 shall be given for such period not less than ninety days nor
4 more than six months from the date of the initial offering
5 of such project as the Administrator may determine, to
6 groups of veterans organized on a mutual ownership or
7 cooperative basis (provided that any such group shall accept
8 as a member of its organization, on the same terms, subject to
9 the same conditions, and with the same privileges and respon-
10 sibilities, required of, and extended to, other members of the
11 group any tenant occupying a dwelling unit in such project,
12 at any time during such period as the Administrator shall
13 deem appropriate, starting on the date of the announcement
14 by the Administrator of the availability of such project).
15 The Administrator shall provide an equitable method of
16 selecting the purchasers when preferred purchasers (or
17 groups of preferred purchasers) in the same preference
18 class or containing members in the same preference class
19 compete with each other. Sales pursuant to this section
20 shall be for cash or credit, upon such terms as the Adminis-
21 trator shall determine, and at the fair value of the property
22 as determined by him: *Provided*, That full payment to the
23 Government for the property sold shall be required within

1 a period of not exceeding twenty-five years with interest
2 on unpaid balances at not less than 4 per centum per annum.

3 (b) Where it is necessary to provide housing under this
4 title in locations where, in the determination of the Adminis-
5 trator, there appears to be no need for such housing beyond
6 the period during which it is needed for housing persons
7 engaged in national defense activities, the provisions of sec-
8 tion 202 hereof shall not be applicable and temporary housing
9 which is of a mobile or portable character or which is other-
10 wise constructed so as to be available for reuse at other loca-
11 tions shall be provided. All housing constructed pursuant
12 to the authority contained in this title which is of a tem-
13 porary character, as determined by the Administrator, shall
14 be disposed of by the Administrator not later than the date,
15 and subject to the conditions and requirements, hereafter
16 prescribed by the Congress: *Provided*, That nothing in this
17 sentence shall be construed as prohibiting the Adminis-
18 trator from removing any such housing by demolition or
19 otherwise prior to the enactment of such legislation.

20 (c) When the Administrator determines that any hous-
21 ing provided under this title is no longer required for persons
22 engaged in national defense activities, preference in ad-
23 mission to occupancy thereof shall be given to veterans

1 pending its ultimate sale or disposition in accordance with
2 the provisions of this title. As among veterans, preference in
3 admission to occupancy shall be given to disabled veterans
4 whose disability has been determined by the Veterans' Ad-
5 ministration to be service-connected.

6 SEC. 403. The cost per family dwelling unit for any
7 housing project constructed under the authority of this title
8 shall not exceed an average of \$9,000 for two-bedroom units
9 in such project, \$10,000 for three-bedroom units in such
10 project, and \$11,000 for four bedroom units in such project:
11 *Provided*, That the Administrator may increase any such
12 dollar limitation by not exceeding \$1,000 in any geograph-
13 ical area where he finds that cost levels so require: *Provided*
14 *further*, That in the Territories and possessions of the United
15 States the Administrator may increase any such dollar
16 limitation by 50 per centum: *And provided further*, That
17 for the purposes of this section the cost of any land acquired
18 by the Administrator upon the filing of a declaration of
19 taking in proceedings for the condemnation of fee title shall
20 be considered to be the amount determined by the Admin-
21 istrator, upon the basis of competent appraisal, to be the
22 value thereof.

23 SEC. 404. In furtherance of the purposes of this title
24 and subject to the provisions hereof, the Administrator may
25 make loans or grants, or other payments, to public and non-

1 profit agencies for the provision, or for the operation and
2 maintenance, of community facilities and equipment therefor,
3 or for the provision of community services, upon such terms
4 and in such amounts as the Administrator may consider to be
5 in the public interest: *Provided*, That grants under this title
6 to any local agency for hospital construction, or for school
7 construction or maintenance and operation, may be made only
8 after such action by the local agency to secure assistance (i)
9 in the case of hospitals, under Public Law 725, Seventy-ninth
10 Congress, approved August 13, 1946, as amended, or Public
11 Law 380, Eighty-first Congress, approved October 25, 1949,
12 or (ii) in the case of schools, under title II of Public Law
13 815, Eighty-first Congress, approved September 23, 1950,
14 or under Public Law 874, Eighty-first Congress, approved
15 September 30, 1950, as the case may be, as is determined to
16 be reasonable under the circumstances, and only to the extent
17 that the required assistance is not available to such local
18 agency under said Public Law 725, said Public Law 380,
19 title II of said Public Law 815, or said Public Law 874, as
20 the case may be: *Provided further*, That grants or payments
21 for the provision, or for the maintenance and operation, of
22 community facilities or services under this section shall not
23 exceed the portion of the cost of the provision, or the mainte-
24 nance and operation, of such facilities or services which the

1 Administrator estimates to be attributable to the national
2 defense activities in the area and not to be recovered by the
3 public or nonprofit agency from other sources, including pay-
4 ments by the United States under any other provisions of this
5 Act or any other law: *And provided further,* That any such
6 continuing grant or payment shall be reexamined and ad-
7 justed annually upon the basis of the ability of the agency
8 to bear a greater portion of the cost of such maintenance,
9 operation, or services as a result of increased revenues made
10 possible by such facility or by such defense activities.

11 SEC. 405. With respect to any housing or community
12 facilities or services which the Administrator is authorized to
13 provide, or any property which he is authorized to acquire,
14 under this Act, the Administrator is authorized by contract
15 or otherwise (without regard to sections 1136 and 3709 of
16 the Revised Statutes, as amended, section 322 of the Act of
17 June 30, 1932 (47 Stat. 412), as amended, the Federal
18 Property and Administrative Services Act of 1949, as
19 amended, and prior to the approval of the Attorney Gen-
20 eral) to make plans, surveys, and investigations; to acquire
21 (by purchase, donation, condemnation or otherwise), con-
22 struct, erect, extend, remodel, operate, rent, lease, exchange,
23 repair, deal with, insure, maintain, convey, sell for cash or
24 credit, demolish, or otherwise dispose of any property, land,

1 improvement, or interest therein; to provide approaches, utili-
2 ties, and transportation facilities; to procure necessary mate-
3 rials, supplies, articles, equipment, and machinery; to make
4 advance payments for leased property; to pursue to final dis-
5 position by way of compromise or otherwise, claims both for
6 and against the United States (exclusive of claims in excess
7 of \$5,000 arising out of contracts for construction, repairs,
8 and the purchase of supplies and materials, and claims in-
9 volving administrative expenses) which are not in litigation
10 and which have not been referred to the Department of Jus-
11 tice; and to convey without cost to States and political sub-
12 divisions and instrumentalities thereof property for streets
13 and other public thoroughfares and easements for public pur-
14 poses: *Provided*, That any instrument executed by the Ad-
15 ministrator and purporting to convey any right, title or
16 interest in any property acquired pursuant to this title or
17 title V of this Act shall be conclusive evidence of compliance
18 with the provisions thereof insofar as title or other interest
19 of any bona fide purchasers, lessees or transferees of such
20 property is concerned. Notwithstanding any provisions of
21 this Act, housing or community facilities constructed by the
22 United States pursuant to the authority contained herein
23 (except housing or community facilities of a temporary
24 character) shall, to the maximum extent practicable, taking

1 into consideration the availability of materials, conform to
2 the requirements of State or local laws, ordinances, rules, or
3 regulations relating to health, sanitation, and building codes.

4 SEC. 406. Any Federal agency may, upon request
5 of the Administrator, transfer to his jurisdiction without
6 reimbursement any lands, improved or unimproved, or
7 other property real or personal, considered by the Admin-
8 istrator to be needed or useful for housing or community
9 facilities, or both, to be provided under this title, and the
10 Administrator is authorized to accept any such transfers.
11 The Administrator may also utilize any other real or per-
12 sonal property under his jurisdiction for the purpose of this
13 title without adjustment of the appropriations or funds in-
14 volved. Any property so transferred or utilized, and any
15 funds in connection therewith, shall be subject only to the
16 authorizations and limitations of this title. The Adminis-
17 trator may, in his discretion, upon request of the Secretary
18 of Defense or his designee, transfer to the jurisdiction of the
19 Department of Defense without reimbursement any land,
20 improvements, housing, or community facilities constructed
21 or acquired under the provisions of this title and considered
22 by the Department of Defense to be required for the purposes
23 of the said Department. Upon the transfer of any such prop-
24 erty to the jurisdiction of the Department of Defense, the
25 laws, rules, and regulations relating to property of the De-

1 partment of Defense shall be applicable to the property so
2 transferred, and the provisions of this title and the rules and
3 regulations issued thereunder shall no longer apply.

4 SEC. 407. Notwithstanding any other provisions of law,
5 the acquisition by the United States of any real property
6 pursuant to this title or title V of this Act shall not deprive
7 any State or political subdivision thereof of its civil or crimi-
8 nal jurisdiction in and over such property, or impair the
9 civil or other rights under the State or local law of the
10 inhabitants of such property. Any proceedings by the
11 United States for the recovery of possession of any property
12 or project acquired, developed, or constructed under this title
13 or title V of this Act may be brought in the courts of the
14 States having jurisdiction of such causes.

15 SEC. 408. The Administrator shall pay from rentals
16 annual sums in lieu of taxes and special assessments to any
17 State and/or political subdivision thereof, with respect to any
18 real property, including improvements thereon, acquired and
19 held by him under this title for residential purposes (or for
20 commercial purposes incidental thereto), whether or not
21 such property is or has been held in the exclusive jurisdic-
22 tion of the United States. The amount so paid for
23 any year upon such property shall approximate the taxes
24 and special assessments which would be paid to the State
25 and/or subdivision, as the case may be, upon such property

1 if it were not exempt from taxation and special assessments,
2 with such allowance as may be considered by him to be
3 appropriate for expenditures by the Federal Government for
4 the provision or maintenance of streets, utilities, or other
5 public services to serve such property.

6 SEC. 409. In carrying out this title—

7 ~~(a)~~ notwithstanding any other provisions of this
8 title, so far as is consistent with emergency needs, con-
9 tracts shall be subject to section 3709 of the Revised
10 Statutes;

11 ~~(b)~~ the ~~cost plus a percentage of cost~~ system of
12 contracting shall not be used, but contracts may be made
13 on a ~~cost plus a fixed fee~~ basis: *Provided*, That the fixed
14 fee shall not exceed 6 per centum of the estimated cost;

15 ~~(c)~~ wherever practicable, existing private and pub-
16 lic community facilities shall be utilized or such facilities
17 shall be extended, enlarged, or equipped in lieu of con-
18 structing new facilities; and

19 ~~(d)~~ all right, title, and interest of the United States
20 in and to any community facilities constructed by the
21 United States pursuant to the authority contained in this
22 title shall ~~(if such agency is willing to accept such~~
23 ~~facility and operate the same for the purpose for which~~
24 ~~it was constructed)~~ be disposed of to the appropriate

1 State, city, or other local agency having responsibility
2 for such type of facility in the area not later than one
3 year after the expiration date specified in title I hereof,
4 and subject to the conditions and requirements hereafter
5 prescribed by the Congress.

6 SEC. 410. (a) Notwithstanding any other provision of
7 law, the wages of every laborer and mechanic employed on
8 any construction, maintenance, repair, or demolition work
9 authorized by this title shall be computed on a basic day
10 rate of eight hours per day and work in excess of eight
11 hours per day shall be permitted upon compensation for all
12 hours worked in excess of eight hours per day at not less
13 than one and one-half times the basic rate of pay.

14 (b) The provisions of the Davis-Bacon Act (49 Stat.
15 1011), as amended; of title 18, United States Code, section
16 874; and of title 40, United States Code, section 276c,
17 shall apply in accordance with their terms to work pur-
18 suant to this title.

19 (c) Any contract for loan or grant, or both, pursuant
20 to this title shall contain a provision requiring that not less
21 than the wages prevailing in the locality, as predetermined
22 by the Secretary of Labor pursuant to the Davis-Bacon Act,
23 as amended, shall be paid to all laborers and mechanics
24 employed in the construction of the project at the site

1 thereof; and the Administrator shall require certification as
2 to compliance with the provisions of this subsection prior
3 to making any payment under such contract.

4 (d) Any contractor engaged in the development of any
5 project financed in whole or in part with funds made avail-
6 able pursuant to this title shall report monthly to the Secre-
7 tary of Labor, and shall cause all subcontractors to report
8 in like manner, within five days after the close of each
9 month and on forms to be furnished by the United States
10 Department of Labor, as to the number of persons on their
11 respective payrolls on the particular project, the aggregate
12 amount of such payrolls, the total man-hours worked, and
13 itemized expenditures for materials. Any such contractor
14 shall furnish to the Department of Labor the names and
15 addresses of all subcontractors on the work at the earliest
16 date practicable.

17 (e) The Secretary of Labor shall prescribe appropriate
18 standards, regulations, and procedures, which shall be ob-
19 served by the Administrator in carrying out the provisions
20 of this title (and cause to be made by the Department of
21 Labor such investigations) with respect to compliance with
22 and enforcement of the labor standards provisions of this
23 section, as he deems desirable.

24 SEC. 411. Moneys derived from rentals, operation, or
25 disposition of property acquired or constructed under the

1 provisions of this title shall be available for expenses of
 2 operation, maintenance, improvement, and disposition of
 3 any such property, including the establishment of necessary
 4 reserves therefor and administrative expenses in connection
 5 therewith: *Provided*, That such moneys derived from
 6 rentals, operation, or disposition may be deposited in a com-
 7 mon fund account or accounts in the Treasury: *And pro-*
 8 *vided further*, That the moneys in such common fund account
 9 or accounts shall not exceed \$5,000,000 at any time, and
 10 all moneys in excess of such amount shall be covered into
 11 miscellaneous receipts.

12 SEC. 412. The Administrator shall fix fair rentals based
 13 on the value thereof as determined by him which shall be
 14 charged for housing accommodations operated under this title
 15 and may prescribe the class or classes of persons who may
 16 occupy such accommodations, preferences, or priorities in the
 17 rental thereof, and the terms, conditions, and period of such
 18 occupancy.

19 SEC. 413. There are hereby authorized to be appro-
 20 priated—

21 (a) such sums, not exceeding \$60,000,000, as may
 22 be necessary for carrying out the provisions and purposes
 23 of this title relating to community facilities and services
 24 in critical defense housing areas; and

25 (b) such sums, not exceeding \$50,000,000, as may

1 be necessary for carrying out the provisions and purposes
2 of this title relating to housing in critical defense housing
3 areas.

4 SEC. 414. Subject to all of the limitations and restric-
5 tions of this Act, including, specifically, the requirements of
6 subsection ~~(c)~~ of section 203 hereof and of subsections ~~(c)~~
7 and ~~(d)~~ of section 409 hereof, where any other officer, de-
8 partment, or agency is performing, or, in the determination
9 of the President, has facilities adapted to the performance of,
10 functions, powers and duties similar, or directly related, to
11 any of the functions, powers and duties which the Housing
12 and Home Finance Administrator is authorized by this title
13 to perform with respect to the construction, maintenance or
14 operation of community facilities for education, health, refuse
15 disposal, sewage treatment, recreation, water purification, and
16 day-care centers, or the provision of community services, the
17 President may transfer to such other officer, department, or
18 agency any of the functions, powers, and duties authorized
19 by this title to be performed with respect thereto if he finds
20 that such transfer will assist the furtherance of national
21 defense activities, and upon any such transfer, funds in such
22 amount as the Director of the Bureau of the Budget shall
23 determine, but in no event in excess of the balance of any
24 moneys appropriated to the Housing and Home Finance
25 Administrator pursuant to the authorization therefor con-

1 tained in this title for the performance of the transferred
 2 functions, powers, and duties, may also be transferred by the
 3 President to such other officer, department, or agency: *Pro-*
 4 *vided,* That the President, by Executive Order or otherwise,
 5 may prescribe or direct the manner in which any functions,
 6 powers, and duties, which the Housing and Home Finance
 7 Administrator is authorized by this title to perform with
 8 respect to assistance for the construction, or the construction
 9 of, any community facilities, shall be administered in coordi-
 10 nation with other officers, departments, or agencies having
 11 functions or activities related thereto.

12 SEC. 415. As used in this title, the following terms shall
 13 have the meanings respectively ascribed to them below, and,
 14 unless the context clearly indicates otherwise, shall include
 15 the plural as well as the singular number:

16 (a) "State" shall mean the several States, the District
 17 of Columbia, and Territories, and possessions of the United
 18 States.

19 (b) "Federal agency" shall mean any executive de-
 20 partment or officer (including the President), independent
 21 establishment, commission, board, bureau, division, or office
 22 in the executive branch of the United States Government, or
 23 other agency of the United States, including corporations
 24 in which the United States owns all or a majority of the
 25 stock, directly or indirectly.

1 (c) "Community facility" shall mean any facility neces-
2 sary for carrying on community living, including primarily
3 waterworks, sewers, sewage, garbage and refuse disposal
4 facilities, fire protection facilities, public sanitary facilities,
5 works for treatment and purification of water, schools, hos-
6 pitals, and other places for the care of the sick, recreational
7 facilities, streets and roads, and day-care centers.

8 (d) "Community service" shall mean any service neces-
9 sary for carrying on community living, including the mainte-
10 nance and operation of facilities for education, health, refuse
11 disposal, sewage treatment, recreation, water purification, and
12 day-care centers, and the provision of fire-protection and
13 other community services.

14 (e) "Nonprofit agency" shall mean any agency no part
15 of the net earnings of which inures to the benefit of any
16 private stockholder or individual.

17 (f) "Project" shall mean housing or community facili-
18 ties acquired, developed, or constructed with financial
19 assistance pursuant to this title.

20 (g) "Veteran" shall mean a person, or the family of a
21 person, who has served in the active military or naval
22 service of the United States at any time (i) on or after
23 September 16, 1940, and prior to July 26, 1947, (ii) on
24 or after April 6, 1917, and prior to November 11, 1918,
25 or (iii) on or after June 27, 1950, and prior to such date

1 thereafter as shall be determined by the President, and
2 who shall have been discharged or released therefrom under
3 conditions other than dishonorable or who shall be still
4 serving therein. The term shall also include the family of a
5 person who served in the active military or naval service
6 of the United States within any such period and who shall
7 have died of causes determined by the Veterans' Adminis-
8 tration to have been service-connected.

9 TITLE V—PROVISION OF SITES FOR NECESSARY
10 DEVELOPMENT IN CONNECTION WITH ISO-
11 LATED DEFENSE INSTALLATIONS

12 SEC. 501. Subject to the provisions and limitations of
13 title II hereof and subject to the provisions and limitations of
14 this title, upon a finding by the President that in connection
15 with a defense installation (as defined by him) developed
16 or to be developed in an isolated or relatively isolated area
17 (1) housing or community facilities needed for such installa-
18 tion would not otherwise be provided when and where re-
19 quired or (2) there would otherwise be speculation or un-
20 economic use of land resources which would impair the
21 efficiency of defense activities at such installation, the Hous-
22 ing and Home Finance Administrator (hereinafter referred
23 to as the "Administrator") is authorized to make general
24 plans for the development of necessary housing and com-
25 munity facilities in connection with such defense installa-

tion; to acquire, by purchase, condemnation, or otherwise, the necessary improved or unimproved land or interests therein; to clear land; to install, construct, or reconstruct streets, utilities, and other site improvements essential to the preparation of the land for use in accordance with said general plans; and to dispose of such land or interests therein for use in accordance with such plans and subject to such terms and conditions as he shall deem advisable and in the public interest. For the purposes of this title, the Administrator may exercise the powers granted to him in title IV for the purposes thereof: *Provided*, That no funds made available under this title shall be used for the erection of dwellings or other buildings, and funds representing the fair value, as determined by the Administrator, of any property acquired under this title and used as sites for dwellings or other buildings or facilities under title IV shall be transferred from funds appropriated thereunder and made available for purposes of this title V: *And provided further*, That the provisions of section 410 shall be applicable to site development work under this title.

SEC. 502. Upon a finding by the President that it is necessary or desirable in the public interest that land shall be acquired by the Administrator not only for the purposes of section 501 hereof but for the defense installation to be served thereby, the Administrator is authorized to acquire

1 improved or unimproved land for such defense installation
2 and, in connection therewith, to exercise any powers granted
3 under this title. The Administrator may transfer such prop-
4 erty to the appropriate Federal, State, local or private
5 agency, person, or corporation upon such terms and condi-
6 tions as he shall determine to be in the public interest.

7 SEC. 503. With respect to any real property acquired
8 and held by the Administrator pursuant to this title and with
9 respect to any defense installation owned by the Federal
10 Government in connection with which such property is ac-
11 quired, the Administrator may pay annual sums in lieu of
12 taxes to the appropriate State and local taxing authorities:
13 *Provided, That, in making any such payments, the Admin-*
14 *istrator shall take into consideration other payments by the*
15 *Federal Government to the State and local taxing author-*
16 *ities, the value of services furnished by such taxing au-*
17 *thorities in connection with the property or installation,*
18 *and the value of any services provided by the Federal Gov-*
19 *ernment. There are hereby authorized to be appropriated*
20 *such sums as may be necessary and appropriate for the*
21 *carrying out of the provisions and purposes of this section.*

22 SEC. 504. The Administrator is authorized to obtain
23 money from the Treasury of the United States for use in the
24 performance of the functions, powers, and duties granted
25 to him by this title, not to exceed a total of \$10,000,000

1 outstanding at any one time. For this purpose appro-
2 priations not to exceed \$10,000,000 are hereby authorized
3 to be made to a revolving fund in the Treasury. Advances
4 shall be made to the Administrator from the revolving fund
5 when requested by the Administrator. As the Administrator
6 repays the amounts thus obtained from the Treasury, the
7 repayments shall be made to the revolving fund. The Ad-
8 ministrator shall pay into the Treasury as miscellaneous
9 receipts interest on the outstanding advances from the
10 Treasury provided for by this section. The Secretary of the
11 Treasury shall determine the interest rate annually in ad-
12 vance, such rate to be calculated to reimburse the Treasury
13 for its cost, taking into consideration the current average
14 interest rate which the Treasury pays upon its marketable
15 obligations.

16 SEC. 505. In any city or in two contiguous cities in
17 which, on March 1, 1951, there were in one of such cities
18 more than twelve thousand temporary housing units held by
19 the United States of America, the powers authorized by this
20 title may be exercised for the acquisition of land for the
21 provision of improved sites for privately financed defense
22 housing: *Provided*, That acquisitions pursuant to this section
23 shall be limited to not exceeding 300 acres of land in the
24 general area in which approximately one thousand five hun-

1 dred units of such temporary housing were unoccupied on
2 said date.

3 ~~TITLE VI—PREFABRICATED HOUSING~~

4 SEC. 601. Section 102 of the Housing Act of 1948, as
5 amended, is amended by striking out the words “for the
6 production of prefabricated houses or prefabricated housing
7 components, or for large-scale modernized site construction”
8 at the end of the first sentence thereof and inserting the fol-
9 lowing: “for production or distribution of prefabricated
10 houses or housing components and for related purposes, or
11 for modernized site construction: *Provided, however,* That
12 no loan in excess of \$500,000 shall be made to any individual
13 or corporation for purposes of production”, and by inserting
14 after the word “determine” in the second sentence thereof
15 the words “and may be made either directly or in coopera-
16 tion with banks or other lending institutions through agree-
17 ments to participate or the purchase of participation or
18 otherwise”.

19 SEC. 602. The Housing Act of 1948, as amended, is
20 amended by inserting before section 103 thereof the follow-
21 ing new sections:

22 “SEC. 102a. To assure the maintenance of industrial
23 capacity for the production of prefabricated houses and

1 housing components so that it may be available for the
2 purposes of national defense; the Housing and Home Finance
3 Administrator is authorized to make loans to and purchase
4 obligations of any business enterprise or financial institution
5 for the purpose of providing financial assistance for the
6 production or distribution of prefabricated houses or pre-
7 fabricated housing components and for related purposes.
8 Such loans may be made upon such terms and conditions
9 and with such maturities as the Administrator may deter-
10 mine and may be made either directly or in cooperation
11 with banks or other lending institutions through agreements
12 to participate or the purchase of participation or otherwise:
13 *Provided,* That the total amount of commitments for loans
14 made and obligations purchased under this section shall not
15 exceed \$15,000,000 outstanding at any one time, and no
16 financial assistance shall be extended under this section
17 unless it is not otherwise available on reasonable terms.
18 The Administrator is further authorized to issue to the Sec-
19 retary of the Treasury, and the Secretary of the Treasury
20 is authorized to purchase, obligations of the Administrator
21 in an amount outstanding at any one time sufficient to enable
22 the Administrator to carry out his functions under this sec-
23 tion, such obligations to be in substantially the same form,
24 and be issued in the same manner and subject to the same
25 conditions, except as to the total amount thereof, as obliga-

1 tions issued by the Administrator pursuant to Reorganiza-
 2 tion Plan 23 of 1950.

3 “SEC. 102b. In the performance of, and with respect
 4 to, the functions, powers, and duties vested in him by Re-
 5 organization Plan 23 of 1950 and by section 102a hereof,
 6 the Housing and Home Finance Administrator shall, in
 7 addition to any powers, functions, privileges, and immunities
 8 otherwise vested in him—

9 “(1) have the powers, functions, privileges, and
 10 immunities transferred to him by said Reorganization
 11 Plan and the same powers, functions and duties as
 12 set forth in section 402 of the Housing Act of 1950,
 13 except subsection (c) (2) thereof, with respect to
 14 loans authorized by title IV of said Act;

15 “(2) take any and all actions determined by him
 16 to be necessary or desirable in making, servicing, com-
 17 promising, modifying, liquidating, or otherwise dealing
 18 with or realizing on loans thereunder.

19 “SEC. 102c. Wherever in this Act the words ‘prefab-
 20 ricated houses’ are used they shall be construed to include
 21 houses which are of a mobile or portable character.”

22 SEC. 603. The third paragraph of section 24 of the
 23 Federal Reserve Act, as amended, is amended by adding in
 24 clause (d) the words “or the Housing and Home Finance
 25 Administrator” after the words “the Reconstruction Finance

1 Corporation" and by adding the words "or of section 102
 2 or 102a of the Housing Act of 1948, as amended," after
 3 the words "provisions of the Reconstruction Finance Corpo-
 4 ration Act, as amended,".

5 TITLE VII—AMENDMENTS TO EXISTING LAWS
 6 AND GENERAL PROVISIONS

7 SEC. 701. Title VIII of the National Housing Act, as
 8 amended, is hereby amended—

9 (a) By striking out of section 803 (a) "July 1, 1951"
 10 and substituting therefor "July 1, 1953".

11 (b) By inserting before the period at the end of sec-
 12 tion 803 (b) (3) (C) the following: "∴ *Provided*, That
 13 the Commissioner may by regulation increase the \$8,100
 14 limitation by not exceeding \$900 in any geographical area
 15 where he finds that cost levels so require".

16 (c) By inserting after the words "National Military
 17 Establishment" in the last sentence of section 803 (d) the
 18 words "or the Atomic Energy Commission".

19 (d) By adding at the end thereof the following new
 20 section:

21 "SEC. 810. A mortgage which meets all of the eligibility
 22 requirements of this title except those specified in section
 23 803 (b) (2) and which is secured by property designed
 24 for rent for residential use by personnel of the Atomic
 25 Energy Commission (including military personnel and

1 Government contractors' employees) employed or assigned
2 to duty at the Atomic Energy Commission installation at or
3 in the area in which such property is constructed shall be
4 eligible for insurance under this title if the Atomic Energy
5 Commission or its designee shall have certified to the Com-
6 missioner that the housing with respect to which the mort-
7 gage is made is necessary to provide adequate housing for
8 such personnel, that such installation is deemed to be a
9 permanent part of the Atomic Energy Commission establish-
10 ment, and that there is no present intention to substantially
11 curtail activities at such installation. Notwithstanding the
12 provisions of any other law, preference or priority of oppor-
13 tunity in the occupancy of the mortgaged property for such
14 personnel and their immediate families shall be provided
15 under such regulations and procedures as may be prescribed
16 by the Commissioner. To effectuate the purpose of this
17 title the Atomic Energy Commission or its designee is
18 authorized to exercise all the authority granted to the Sec-
19 retary of Defense or the Secretary of the Army, Navy, or
20 Air Force pursuant to this title. Nothing herein contained
21 shall impair the powers vested in the Atomic Energy Com-
22 mission by the Atomic Energy Act of 1946."

23 SEC. 702. Notwithstanding any other provisions of this
24 or any other Act (including the Defense Production Act of
25 1950), in any critical defense housing area loans for the

1 purchase, construction, alteration, repair, or improvement of
2 residential property may be guaranteed or insured, in accord-
3 ance with the provisions of the Servicemen's Readjustment
4 Act of 1944, as amended, on behalf of veterans employed,
5 or to be employed, in defense plants or installations: *Pro-*
6 *vided*, That any houses purchased or constructed with any
7 such loans, not conforming to credit restrictions under the
8 Defense Production Act of 1950, are within the number
9 programmed for the area and are held subject to the terms
10 and conditions prescribed by the Housing and Home Finance
11 Administrator for housing built pursuant to relaxations of
12 such restrictions: *And provided further*, That this section
13 shall not be applicable to dwelling units, the cost of which
14 exceeds \$10,000 for a two-bedroom unit, \$11,000 for a
15 three-bedroom unit, or \$12,000 for a four-bedroom unit.

16 SEC. 703. The Act entitled "An Act to expedite the
17 provision of housing in connection with national defense,
18 and for other purposes", approved October 14, 1940, as
19 amended, is hereby amended by adding at the end thereof
20 the following new section 611:

21 "SEC. 611. Notwithstanding any other provision of law,
22 the President is authorized to extend, for such period or
23 periods as he shall specify, the time within which any action
24 is required or permitted to be taken by the Administrator
25 or others under the provisions of this title (or any contract

1 entered into pursuant to this title), upon a determination by
2 him, after considering the needs of national defense and the
3 effect of such extension upon the general housing situation
4 and the national economy, that such extension is in the public
5 interest.”

6 SEC. 704. The National Housing Act, as amended, is
7 hereby amended—

8 (a) by striking out the period at the end of the
9 second sentence of section 204 (d) and inserting a
10 comma and the following: “except that debentures issued
11 with respect to mortgages insured under section 213 shall
12 mature twenty years after the date of such debentures.”

13 (b) by striking out of the second sentence of section
14 207 (i) the words “and shall mature three years after
15 the 1st day of July following the maturity date of the
16 mortgage in exchange for which the debentures were
17 issued” and inserting in lieu thereof “and shall mature
18 twenty years after the date thereof”.

19 SEC. 705. Section 207 (e) of the National Housing
20 Act, as amended, is hereby amended (1) by striking out
21 of clause “(i)” in paragraph numbered “(2)” the words
22 “of the property or project” and inserting in lieu thereof the
23 words “of the property or project attributable to dwelling
24 use”; and (2) by striking out of clause “(ii)” in para-
25 graph numbered “(2)” the words “and not in excess of

1 \$10,000 per family unit" and inserting in lieu thereof the
 2 words "and not in excess of \$10,000 per family unit and
 3 (iii) 90 per centum of the estimated value of such part of
 4 such property or project as may be attributable to non-
 5 dwelling use"; and (3) by striking out of paragraph num-
 6 bered "(3)" the words "four and one-half per family unit"
 7 and substituting therefor the words "four per family unit".

8 SEC. 706. The first sentence of section 214 of the Na-
 9 tional Housing Act, as amended, is hereby amended by strik-
 10 ing the word "one-third" and inserting the word "one-half".

11 SEC. 707. Title II of the National Housing Act, as
 12 amended, is hereby amended by adding at the end thereof
 13 the following new sections:

14 "WAIVER OF OCCUPANCY REQUIREMENTS FOR SERVICEMEN

15 "SEC. 216. The Commissioner is hereby authorized to
 16 insure any mortgage otherwise eligible for insurance under
 17 any of the provisions of this Act without regard to any
 18 requirement that the mortgagor be the occupant of the
 19 property at the time of insurance, where the Commissioner
 20 is satisfied that the inability of the mortgagor to occupy
 21 the property is by reason of his entry into military service
 22 subsequent to the filing of an application for insurance and
 23 the mortgagor expresses an intent to occupy the property
 24 upon his discharge from military service,

1 ~~“GENERAL MORTGAGE INSURANCE AUTHORIZATION~~

2 ~~“SEC. 217. Notwithstanding limitations contained in~~

3 ~~any other section of this Act on the aggregate amount of~~

4 ~~principal obligations of mortgages which may be insured~~

5 ~~under any title of this Act, such aggregate amount shall,~~

6 ~~with respect to any title of this Act (except title VI) be~~

7 ~~prescribed by the President, taking into consideration the~~

8 ~~needs of national defense and the effect of additional mort-~~

9 ~~gage insurance authorizations upon conditions in the building~~

10 ~~industry and upon the national economy: *Provided*, That~~

11 ~~the aggregate dollar amount of the mortgage insurance~~

12 ~~titles of this Act prescribed by the President pursuant to~~

13 ~~title IX of this Act plus the aggregate dollar amount of all~~

14 ~~increases in mortgage insurance authorizations under other~~

15 ~~titles of this Act prescribed by the President pursuant~~

16 ~~to authority contained in this section shall not exceed~~

17 ~~\$1,500,000,000 and shall be available only for mortgage~~

18 ~~insurance with respect to housing in critical defense housing~~

19 ~~areas.”~~

20 SEC. 708. Notwithstanding any other provision of law

21 or Reorganization Plan 22 of 1950, one of the five or more

22 persons constituting the Board of Directors of the Federal

23 National Mortgage Association shall be appointed by the

1 Administrator of Veterans' Affairs from among the officers
2 or employees of the Veterans' Administration.

3 SEC. 709. ~~(a)~~ Section 702 of the National Housing
4 Act, as amended, is hereby amended by adding the following
5 new subsection at the end thereof:

6 ~~“(c) (3)~~ After completion of the project the in-
7 vestor must establish in a manner satisfactory to the
8 Commissioner that the project is free and clear of liens
9 and that there are no other outstanding unpaid obliga-
10 tions contracted in connection with the construction of
11 the project, except taxes and such other liens and obliga-
12 tions as may be approved or prescribed by the Commis-
13 sioner. Debentures issued by the investor which are
14 payable out of net income from the project and from the
15 benefits of the insurance contract shall not be construed
16 as ‘unpaid obligations’ as such term is used in this
17 subsection.”

18 ~~(b)~~ Section 707 of the National Housing Act, as
19 amended, is hereby amended by adding the following new
20 sentence at the end thereof: “Nothing contained in this title
21 or any other provision of law shall be construed as prevent-
22 ing or restricting an investor from assigning, pledging, or
23 otherwise transferring or disposing of, subject to rules and
24 regulations of the Commissioner, any or all rights, claims,
25 or other benefits under any insurance contract made pur-

1 suant to this title to an assignee, pledgee, or other transferee,
2 including the holders (or the trustee for such holders) of
3 any debentures issued by the investor in connection with the
4 project to which such insurance contract relates; and the
5 Commissioner is authorized to pay claims or issue debentures
6 in accordance with the provisions of this section and section
7 708 of this title to any such assignee, pledgee, or other
8 transferee.”

9 SEC. 710. Section 713 (n) of the National Housing
10 Act, as amended, is hereby amended by adding before the
11 period at the end thereof the words “or such lesser amount
12 as shall be agreed upon by the investor and the Commis-
13 sioner”.

14 SEC. 711. Upon a finding by the Housing and Home
15 Finance Administrator that the acquisition of any real prop-
16 erty for a defense installation or industry has resulted, or
17 will result, in the displacement of persons from their homes
18 on such property, he may (notwithstanding any other provi-
19 sion of this or any other law) issue regulations pursuant
20 to which such persons may be permitted to occupy or pur-
21 chase housing for which credit restrictions established pur-
22 suant to the Defense Production Act of 1950 have been
23 relaxed or housing which has been provided or assisted
24 under the provisions of this Act (including amendments to
25 other Acts provided herein), subject to any conditions or

1 requirements that he determines necessary for purposes of
2 national defense.

3 SEC. 712. Section 713 (c) of the National Housing
4 Act, as amended, is hereby amended by inserting before the
5 period at the end thereof the words "and income taxes".

6 SEC. 713. Section 504 of the Housing Act of 1950 is
7 amended by striking out "builder, veteran, or other pur-
8 chaser" wherever it appears therein and inserting in lieu
9 thereof the following: "builder or other seller, or the veteran
10 or other purchaser".

11 SEC. 714. (a) Section 512 (b) of the Servicemen's
12 Readjustment Act of 1944 is amended (1) by striking out
13 clause (C); and 2) by striking out "June 30, 1951" and
14 inserting in lieu thereof "July 1, 1953".

15 (b) Section 512 (d) of the Servicemen's Readjustment
16 Act of 1944 is amended to read as follows:

17 "(d) The Administrator is authorized to sell, and shall
18 offer for sale, to any private lending institution evidencing
19 ability to service loans, any loan made under this section
20 at a price not less than par; that is, the unpaid balance plus
21 accrued interest, and may guarantee any loan thus sold sub-
22 ject to the same conditions, terms, and limitations which
23 would be applicable were the loan guaranteed under section
24 501 (b) of this title."

1 ~~(c)~~ The first sentence of section 513 ~~(a)~~ of the
2 Servicemen's Readjustment Act of 1944 is amended to read
3 as follows: "For the purposes of section 512 of this title, the
4 Secretary of the Treasury is hereby authorized and directed
5 to make available to the Administrator such sums not in
6 excess of \$150,000,000 ~~(plus the amount of any funds~~
7 ~~which may have been deposited to the credit of miscellane-~~
8 ~~ous receipts under subsections (a) and (c) hereof)~~; as the
9 Administrator shall request from time to time except that
10 no sums may be made available after July 1, 1953."

11 ~~(d)~~ Section 513 ~~(c)~~ of the Servicemen's Readjustment
12 Act of 1944 is amended by striking out "June 30, 1952"
13 and inserting in lieu thereof "July 1, 1954".

14 SEC. 715. The Secretary of Defense or his designee
15 shall hereafter be included in the membership of the Na-
16 tional Housing Council in the Housing and Home Finance
17 Agency, and the Chairman of the Board of Directors of the
18 Reconstruction Finance Corporation or his designee shall
19 not hereafter be included in the membership of said Council.

20 SEC. 716. During the period from the date of the ap-
21 proval of this Act to and including the expiration date speci-
22 fied in section 204 hereof, no project shall be initiated, and
23 the income limitations contained in the United States Hous-
24 ing Act of 1937, as amended, shall not be waived or sus-

1 pending, pursuant to the authorization therefor in title II
2 of Public Law 671, Seventy-sixth Congress, approved June
3 28, 1940.

4 SEC. 717. Insofar as the provisions of any other law
5 are inconsistent with the provisions of this Act, the provi-
6 sions of this Act shall be controlling.

7 SEC. 718. Except as may be otherwise expressly pro-
8 vided in this Act, all powers and authorities conferred by
9 this Act shall be cumulative and additional to and not in
10 derogation of any powers and authorities otherwise existing.
11 Notwithstanding any other evidence of the intention of Con-
12 gress, it is hereby declared to be the controlling intent of
13 Congress that if any provisions of this Act, or the appli-
14 cation thereof to any persons or circumstances, shall be
15 adjudged by any court of competent jurisdiction to be in-
16 valid, such judgment shall not affect, impair, or invalidate
17 the remainder of this Act or its application to other persons
18 and circumstances, but shall be confined in its operation
19 to the provisions of this Act or the application thereof to
20 the persons and circumstances directly involved in the con-
21 troversy in which such judgment shall have been rendered.
22 That this Act may be cited as the "Defense Production Act
23 Amendments of 1951".

*TITLE I—AMENDMENTS TO DEFENSE PRO-
DUCTION ACT OF 1950*

PRIORITIES AND ALLOCATIONS

SEC. 101. (a) Section 102 of the Defense Production Act of 1950 (Public Law 774, Eighty-first Congress) is amended by striking out the third sentence and inserting in lieu thereof the following sentences: "In making such designations the President may prescribe such conditions with respect to the accumulation of materials in excess of the reasonable demands of business, personal, or home consumption as he deems necessary to carry out the objectives of this Act. This section shall not be construed to limit the authority contained in sections 101 and 704 of this Act."

(b) Title I of the Defense Production Act of 1950 is hereby amended by adding the following section:

"That import controls of fats and oils (including oil-bearing materials, fatty acids, and soap and soap powder, but excluding petroleum and petroleum products and coconuts and coconut products), peanuts, butter, cheese and other dairy products, and rice and rice products are necessary for the protection of the essential security interests and economy of the United States in the existing emergency in international relations, and no imports of any such commodity

1 or product shall be admitted to the United States until after
 2 June 30, 1953, which would (a) impair or reduce the
 3 domestic production of any such commodity or product below
 4 present production levels, or below such higher levels as the
 5 Secretary of Agriculture may deem necessary in view of
 6 domestic and international conditions, or (b) interfere with
 7 the orderly domestic storing and marketing of any such com-
 8 modity or product, or (c) result in any unnecessary burden
 9 or expenditures under any Government price support
 10 program."

11 (c) Section 101 of the Defense Production Act of 1950
 12 is amended by adding at the end thereof the following: "No
 13 restriction, quota, or other limitation shall be placed upon
 14 the quantity of livestock which may be slaughtered or handled
 15 by any processor."

16 *AUTHORITY TO REQUISITION AND CONDEMN*

17 *SEC. 102. (a) Title II of the Defense Production Act*
 18 *of 1950 is amended by adding to the heading thereof the*
 19 *words "AND CONDEMN".*

20 (b) Section 201 of the Defense Production Act of 1950
 21 is amended—

22 (1) By adding at the end of subsection (a) the follow-
 23 ing new sentence: "No real property shall be acquired under
 24 this subsection."

1 (2) *By adding after subsection (a) the following new*
2 *subsection:*

3 “(b) *Whenever the President deems it necessary in*
4 *the interest of national defense, he may acquire by purchase,*
5 *donation, or other means of transfer, or may cause pro-*
6 *ceedings to be instituted in any court having jurisdiction of*
7 *such proceedings to acquire by condemnation, any real*
8 *property, including facilities, temporary use thereof, or*
9 *other interest therein, together with any personal property*
10 *located thereon or used therewith, that he deems necessary*
11 *for the national defense, such proceedings to be in accord-*
12 *ance with the Act of August 1, 1888 (25 Stat. 357), as*
13 *amended, or any other applicable Federal statute. Before*
14 *condemnation proceedings are instituted pursuant to this*
15 *section, an effort shall be made to acquire the property in-*
16 *volved by negotiation unless, because of reasonable doubt as to*
17 *the identity of the owner or owners, because of the large num-*
18 *ber of persons with whom it would be necessary to negotiate, or*
19 *for other reasons, the effort to acquire by negotiation would*
20 *involve, in the judgment of the President, such delay in acquir-*
21 *ing the property as to be contrary to the interest of national*
22 *defense. In any condemnation proceeding instituted pur-*
23 *suant to this section, the court shall not order the party*

1 in possession to surrender possession in advance of final
2 judgment unless a declaration of taking has been filed, and
3 a deposit of the amount estimated to be just compensation
4 has been made, under the first section of the Act of Febru-
5 ary 26, 1931 (46 Stat. 1421), providing for such declara-
6 tions. Unless title is in dispute, the court, upon application,
7 shall promptly pay to the owner at least 75 per centum of the
8 amount so deposited, but such payment shall be made with-
9 out prejudice to any party to the proceeding. Property
10 acquired under this section may be occupied, used, and im-
11 proved for the purposes of this section prior to the approval
12 of title by the Attorney General as required by section 355
13 of the Revised Statutes, as amended. Prior to the acquisi-
14 tion of any real property, or interest therein, under the pro-
15 visions of this section, for the use of the Department of the
16 Army, the Department of the Navy, or the Department of
17 the Air Force, the Administrator, Director, or head of the
18 agency designated by the President to administer the provi-
19 sions of this section shall come into agreement with the Com-
20 mittees on Armed Services of the Senate and of the House
21 of Representatives with respect to the terms of such prospective
22 acquisitions.”

23 (3) By striking out “requisitioned” in the presently
24 designated subsection (c), and inserting in lieu thereof
25 “acquired”.

1 (4) *By redesignating subsections (b) and (c) as sub-*
2 *sections (c) and (d), respectively.*

3 EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

4 SEC. 103. (a) *Section 303 of such Act is amended to*
5 *read as follows:*

6 “SEC. 303. (a) *To assist in carrying out the objec-*
7 *tives of this Act, the President may make provision (1) for*
8 *purchases of or commitments to purchase metals, minerals,*
9 *and other materials, for Government use or resale; and (2)*
10 *for the encouragement of exploration, development, and min-*
11 *ing of critical and strategic minerals and metals: Provided,*
12 *however, That purchases for resale under this subsection shall*
13 *not include that part of the supply of an agricultural com-*
14 *modity which is domestically produced except insofar as*
15 *such domestically produced supply may be purchased for*
16 *resale for industrial uses or stockpiling, and no commodity*
17 *purchased under this subsection shall be sold at less than the*
18 *established ceiling price for such commodity, or, if no ceiling*
19 *price has been established, the higher of the following: (i) the*
20 *current domestic market price for such commodity, or (ii) the*
21 *minimum sale price established for agricultural commodities*
22 *owned or controlled by the Commodity Credit Corporation*
23 *as provided in section 407 of Public Law 439, Eighty-first*
24 *Congress: Provided further, however, That no purchase or*
25 *commitment to purchase any agricultural commodity shall*

1 *be made calling for delivery more than one year after the*
2 *expiration of this Act.*

3 “(b) *Subject to the limitations in subsection (a), pur-*
4 *chases and commitments to purchase and sales under such*
5 *subsection may be made without regard to the limitations*
6 *of existing law, for such quantities, and on such terms and*
7 *conditions, including advance payments, and for such periods,*
8 *as the President deems necessary, except that purchases or*
9 *commitments to purchase involving higher than established*
10 *ceiling prices (or if there be no established ceiling prices,*
11 *currently prevailing market prices) or anticipated loss on re-*
12 *sale shall not be made unless it is determined that supply of*
13 *the materials could not be effectively increased at lower*
14 *prices or on terms more favorable to the Government, or*
15 *that such purchases are necessary to assure the availability*
16 *to the United States of overseas supplies.*

17 “(c) *If the President finds—*

18 “(1) *that under generally fair and equitable ceiling*
19 *prices for any material, there will result a decrease in*
20 *supplies from high-cost sources of such material, and*
21 *that the continuation of such supplies is necessary to*
22 *carry out the objectives of the Act; or*

23 “(2) *that an increase in cost of production, distri-*
24 *bution, or transportation is temporary in character and*

1 *threatens to impair maximum production or supply in*
2 *any area at stable prices of any materials,*
3 *he may make provision for subsidy payments on any domes-*
4 *tically produced material other than an agricultural com-*
5 *modity in such amounts and in such manner (including*
6 *purchases of such material and its resale at a loss without*
7 *regard to the limitations of existing law), and on such terms*
8 *and conditions, as he determines to be necessary to insure*
9 *that supplies from such high-cost sources or processors are*
10 *continued, or that maximum production or supply in such*
11 *area at stable prices of such materials is maintained, as the*
12 *case may be.*

13 “(d) *The procurement power granted to the President*
14 *by this section shall include the power to transport and store*
15 *and have processed and refined, any materials procured*
16 *under this section.*

17 “(e) *When in his judgment it will aid the national*
18 *defense, the President is authorized to install additional equip-*
19 *ment, facilities, processes or improvements to plants, factories,*
20 *and other industrial facilities owned by the United States*
21 *Government, and to install government-owned equipment in*
22 *plants, factories, and other industrial facilities owned by pri-*
23 *vate persons.”*

24 (b) *The presently designated subsection (b) of section*

1 304 of the Defense Production Act of 1950 is amended by
2 striking out the proviso in the first sentence and inserting in
3 lieu thereof the following: "Provided, That the amount bor-
4 rowed under the provisions of this section by all such bor-
5 rowers shall not exceed an aggregate of \$2,100,000,000
6 outstanding at any one time: Provided, further, That when
7 any contract, agreement, loan, or other transaction heretofore
8 or hereafter entered into pursuant to section 302 or 303
9 imposes contingent liability upon the United States, such
10 liability shall be considered for the purposes of sections 3679
11 and 3732 of the Revised Statutes, as amended, as an obliga-
12 tion only to the extent of the probable ultimate net cost to the
13 United States under such transaction; and the President shall
14 submit a report to the Congress not less often than once each
15 quarter setting forth the gross amount of each such transac-
16 tion entered into by any agency of the United States Govern-
17 ment under this authority and the basis for determining the
18 probable ultimate net cost to the United States thereunder."

19 (c) Section 304 of the Defense Production Act of
20 1950 is further amended by striking out subsection (c).

21 PRICE AND WAGE STABILIZATION

22 SEC. 104. (I) In the third sentence, following the colon,
23 the word "and" is inserted in place of the comma appearing

1 after the word "fluctuations" and all of the language suc-
2 ceeding the word "transportation" is deleted.

3 (II) After the third sentence as thus amended, insert
4 the following additional sentence: "In determining and
5 adjusting such ceiling prices, the President may also con-
6 sider general increases or decreases in profits earned sub-
7 sequent to June 24, 1950, by sellers of a material or persons
8 performing a service: Provided, That no decrease of ceiling
9 prices shall be effected and no increase of ceiling prices
10 denied on the sole basis of the comparative profits earned
11 by sellers of a material or persons performing a service
12 prior to and subsequent to June 24, 1950: And provided
13 further, That no adjustment of ceiling prices for any
14 material or service shall be denied upon the sole basis of the
15 profits earned by the same seller from sales of other materials
16 or services."

17 (b) Paragraph (3) of subsection (d) of section 402
18 of the Defense Production Act of 1950 is amended by insert-
19 ing after the third sentence thereof the following new sentence:
20 "No ceiling shall be established or maintained for any agri-
21 cultural commodity below 90 per centum of the price received
22 (by grade) by producers on May 19, 1951, as determined
23 by the Secretary of Agriculture."

1 (c) The second sentence of paragraph (3) of subsection
2 (d) of section 402 of the Defense Production Act of 1950
3 is amended by striking out the period at the end thereof and
4 inserting in lieu thereof the following: “; and equitable
5 treatment shall be accorded to all such processors.”

6 (d) The fifth sentence of paragraph (3) of subsection
7 (d) of section 402 of the Defense Production Act of 1950
8 is amended by striking out “used for distribution as fluid
9 milk”; by striking out “parity prices for such milk” and
10 inserting in lieu thereof “parity prices for milk”; by striking
11 out “such fluid milk” and inserting in lieu thereof “milk”;
12 and by striking out “for fluid milk” and inserting in lieu
13 thereof “for milk”.

14 (e) Subsection (e) of section 402 of the Defense Pro-
15 duction Act of 1950 is amended by striking out “Rates or
16 fees charged for professional services” in paragraph (ii) and
17 inserting in lieu thereof “Rates or fees charged for profes-
18 sional services, or wages, salaries, or other compensation paid
19 for professional services”.

20 (f) Subsection (e) of section 402 of the Defense Pro-
21 duction Act of 1950 is hereby amended by adding at the end
22 thereof the following new paragraph:

23 “(vii) Prices charged and wages paid for services
24 performed by barbers and beauticians.”

25 (g) Section 402 of the Defense Production Act of 1950

1 is amended by adding at the end thereof the following new
2 subsection:

3 “(j) Where the sale or delivery of a material or service
4 makes the person selling or delivering it liable for a State
5 or local gross receipts tax or gross income tax, he may receive
6 for the material or service involved, in addition to the ceiling
7 price, (1) an amount equal to the amount of all such State
8 and local taxes for which the transaction makes him liable,
9 or (2) one cent, whichever is greater. For the purposes of
10 the preceding sentence, the amount of tax liability shall be
11 computed on shipping units at the ceiling price, and a frac-
12 tional part of a cent in the amount of tax liability shall be
13 disregarded unless it amounts to one-half cent or more, in
14 which case it shall be increased to one cent.”

15 (h) Section 402 of the Defense Production Act is
16 amended by adding at the end thereof the following para-
17 graph:

18 “No rule, regulation, order or amendment thereto shall
19 be issued under this Title, which shall deny to a seller of a
20 material at retail or wholesale his customary percentage
21 margin over his cost of the material during the period May
22 24, 1950, to June 24, 1950, or on such other nearest repre-
23 sentative date determined under Section 402 (c), except as
24 to any one specific item of a line of material sold by such
25 seller which is in short supply as evidenced by specific gov-

1 ernment action to encourage production of the item in question.
2 No such exception shall reduce such customary margin of
3 sellers at retail or wholesale beyond the amount found by the
4 President, in writing, to be generally equitable and propor-
5 tionate in relation to the general reductions in the customary
6 margins of all other classes of persons concerned in the pro-
7 duction and distribution of the excepted item of material.

8 "Prior to making any finding that a specific item of
9 material shall be so excepted, or as to the amount of the
10 reductions in customary margins to be imposed upon retail
11 and wholesale sellers of such item, the President shall consult
12 with representatives of the affected retail and wholesale sell-
13 ers concerning the basis for and the amount of the exception
14 which is proposed with respect to any such item.

15 "For purposes of this section a person is a 'seller of a
16 material at retail or wholesale' to the extent that such person
17 purchases and resells an item of material without substan-
18 tially altering its form; or to the extent that such person sells
19 to ultimate consumers except (1) to government and insti-
20 tutional customers and (2) to consumers who purchase for
21 consumption in the course of trade or business."

22 (i) Section 404 of the Defense Production Act of 1950
23 is amended to read as follows:

24 "SEC. 404. In carrying out the provisions of this title,
25 the President shall advise and consult with, and establish

1 and utilize committees of, representatives of persons sub-
2 stantially affected by regulations or orders issued hereunder,
3 including representatives of businessmen, farmers, workers,
4 and consumers, and, so far as practicable, in carrying out
5 the purposes of this title shall give due weight to their
6 recommendations.”

7 (j) Subsection (a) of section 405 of the Defense Pro-
8 duction Act of 1950 is amended by adding at the end
9 thereof the following: “The President shall also prescribe the
10 extent to which any payment made, either in money or prop-
11 erty, by any person in violation of any such regulation, order,
12 or requirement shall be disregarded by the executive depart-
13 ments and other governmental agencies in determining the
14 costs or expenses of any such person for the purposes of
15 any other law or regulation, including bases in determining
16 gain for tax purposes.”

17 (k) Subsection (a) of section 409 of the Defense Pro-
18 duction Act of 1950 is amended to read as follows:

19 “(a) Whenever in the judgment of the President any
20 person has engaged or is about to engage in any acts or
21 practices which constitute or will constitute a violation of any
22 provision of section 405 of this title, he may make application
23 to any district court of the United States or any United
24 States court of any Territory or other place subject to the
25 jurisdiction of the United States for an order enjoining such

1 acts or practices, or for an order enforcing compliance with
2 such provision, and upon a showing by the President that
3 such person has engaged or is about to engage in any such
4 acts or practices a permanent or temporary injunction, re-
5 straining order, or other order, with or without such injunc-
6 tion or restraining order, shall be granted without bond."

7 (l) The second sentence of subsection (c) of section
8 409 of the Defense Production Act of 1950 is amended by
9 striking out the words "but in no event shall such amount
10 exceed the amount of the overcharge, or the overcharges,
11 plus \$10,000,".

12 (m) Section 409 of the Defense Production Act of
13 1950 is further amended by adding at the end thereof the
14 following new subsections:

15 "(d) The President shall also prescribe the extent to
16 which any payment made by way of fine pursuant to sub-
17 section (b) of this section 409, or any payment made to
18 the United States or to any buyer in compromise or satis-
19 faction of any liability or of any right of action, suit, or judg-
20 ment, authorized pursuant to subsection (c) of this section
21 409 for selling any material or service, in violation of a
22 regulation or order providing a ceiling or ceilings, shall be
23 disregarded by the executive departments and other govern-
24 mental agencies in determining the costs or expenses of any
25 such person for the purposes of any other law or regulation.

1 “(e) The term ‘court of competent jurisdiction’ as used
2 in this section shall mean any Federal court of competent
3 jurisdiction regardless of the amount in controversy and
4 any State or Territorial court of competent jurisdiction.”

5 (n) Section 402 of the Defense Production Act of 1950
6 is amended by adding at the end thereof the following new
7 subsection:

8 “(j) In establishing or maintaining maximum prices
9 under this Act or otherwise in the case of collect-on-delivery
10 sales of any commodity where under established practices
11 of the seller a uniform charge is added to the price to cover
12 mailing costs, an increase in maximum prices shall be allowed
13 equivalent to any increase in such costs heretofore or here-
14 after resulting from increased postal rates or charges.”

15 (o) Paragraph (v) of subsection (e) of section 402
16 of the Defense Production Act of 1950 is amended by adding
17 after the words “rates charged by any common carrier or
18 other public utility” the words “whose proposed increase in
19 any rate or charge is subject to control by a Federal, State,
20 Municipal, or other public regulatory authority, exercising
21 jurisdiction to approve or disapprove proposed increases in
22 such rates or charges”.

23 (p) The fourth sentence of paragraph (3) of subsec-
24 tion (d) of section 402 of the Defense Production Act of
25 1950 is amended to read as follows: “Nothing contained in

1 *this Act shall be construed to modify, repeal, supersede, or*
2 *affect the provisions of either (1) the Agricultural Act of*
3 *1949, or (2) the Agricultural Marketing Agreement Act*
4 *of 1937, as amended, or to invalidate any marketing agree-*
5 *ment, license, or order, or any provision thereof or amend-*
6 *ment thereto, heretofore or hereafter made or issued under*
7 *the provisions of the Agricultural Marketing Agreement Act*
8 *of 1937, as amended."*

9 *SEC. 105. (a) Section 403 of the Defense Production*
10 *Act of 1950 is hereby amended by changing the period at*
11 *the end of the first sentence to a colon and adding the follow-*
12 *ing: "Provided, however, That the President shall adminis-*
13 *ter any controls over the wages or salaries of employees sub-*
14 *ject to the provisions of the Railway Labor Act, as amended,*
15 *through a separate board or panel having jurisdiction only*
16 *over such employees."*

17 *(b) Section 502 of the Defense Production Act of 1950*
18 *is amended by changing the period at the end of the last*
19 *sentence thereof to a colon and adding the following: "Pro-*
20 *vided, however, That in any dispute between employees and*
21 *carriers subject to the Railway Labor Act, as amended, the*
22 *procedures of such Act shall be followed for the purpose of*
23 *bringing about a settlement of such dispute. Any agency*
24 *provided for by such Act, including any panel or panel board*
25 *established by the President for the adjustment of disputes*

1 arising under the Railway Labor Act, as a prerequisite to
 2 effecting or recommending a settlement of such dispute, shall
 3 make a specific finding and certification that the changes pro-
 4 posed by such settlement or recommended settlement, are con-
 5 sistent with such standards as may then be in effect, established
 6 by or pursuant to law, for the purpose of controlling inflation-
 7 ary tendencies: Provided further, That in any nondisputed
 8 wage or salary adjustments proposed as a result of voluntary
 9 agreement through collective bargaining, mediation, or other-
 10 wise, the same finding and certification of consistency with
 11 existing stabilization policy shall be made by the separate
 12 panel, chairman thereof, or boards as established and author-
 13 ized by the President. Where such finding and certification
 14 are made by such agency, panel, chairman thereof, or boards,
 15 they shall after approval by the Economic Stabilization
 16 Administrator be conclusive and it shall then be lawful for
 17 the employees and carriers, by agreement, to put into effect
 18 the changes proposed by the settlement, recommended settle-
 19 ment, or voluntary proposal with respect to which such find-
 20 ings and certification were made."

21 (c) The second sentence of section 503 of the Defense
 22 Production Act of 1950 is hereby amended to read as follows:
 23 "No action inconsistent with the provisions of the Fair Labor
 24 Standards Act of 1938, as amended, other Federal labor
 25 standards statutes, the Labor Management Relations Act,

1 1947, the *Railway Labor Act*, as amended, or with other
2 applicable laws shall be taken under this title.”

3 CONTROL OF CREDIT

4 SEC. 106. (a) Section 601 of the *Defense Production*
5 *Act of 1950* is amended by adding at the end thereof the
6 following new paragraph:

7 “In the exercise of its authority under this section, the
8 Board shall not (1) require a down payment of more than
9 one-third or fix a maximum maturity of less than twenty-one
10 months in connection with instalment credit extended for
11 the purchase of a new automobile, or (2) require a down
12 payment of more than one-fourth or fix a maximum maturity
13 of less than twenty-one months in connection with instalment
14 credit extended for the purchase of a used automobile, or
15 (3) require a down payment of more than 15 per centum
16 or fix a maximum maturity of less than eighteen months in
17 connection with instalment credit extended for the purchase
18 of any household appliance (including phonographs and
19 radios and television sets), or (4) require a down payment
20 of more than 10 per centum or fix a maximum maturity of
21 less than twenty-one months in connection with instalment
22 credit extended for the purchase of household furniture and
23 floor coverings (the down payments required by the Board
24 in exercise of its authority, under paragraphs (1), (2), (3),
25 and (4) may be made in cash, or by trade-in or exchange of

1 property, or by a combination of cash or trade-in or exchange
 2 of property), or (5) require a down payment of more than
 3 10 per centum or fix a maximum maturity of less than thirty-
 4 six months in connection with instalment credit extended for
 5 residential repairs, alterations, or improvements or require
 6 any down payment on roofing or siding repairs, alterations
 7 or improvements in advance of completion thereof. The board
 8 shall recognize freight costs on automobiles and make due
 9 allowance by further extending maximum maturities in con-
 10 nection with instalment credits extended for the purchase of
 11 automobiles so as to equalize as nearly as practicable monthly
 12 payments throughout the United States."

13 (b) Subsection (a) of section 602 of the Defense Pro-
 14 duction Act of 1950 is amended by adding at the end thereof
 15 the following new sentence: "No regulation issued under this
 16 section shall prescribe a minimum down payment of more
 17 than 10 per centum, or a maximum maturity of less than
 18 twenty-five years, in connection with the purchase of any
 19 home where the purchase price does not exceed \$10,000."

20 (c) Section 603 of the Defense Production Act of 1950
 21 is amended to read as follows:

22 "SEC. 603. Any person who willfully violates any pro-
 23 vision of section 601, 602, or 605 or any regulation or order
 24 issued thereunder, upon conviction thereof, shall be fined

1 not more than \$5,000 or imprisoned not more than one year,
2 or both.”

3 (d) Section 605 of the Defense Production Act of 1950
4 is amended (1) by striking out the period and inserting in
5 lieu thereof the following: “: And provided further, That no
6 more than 6 per centum down payment shall be required in
7 connection with the loan on any home guaranteed by the
8 Veterans’ Administration pursuant to the Servicemen’s Read-
9 justment Act of 1944, as amended, and the cost of which home
10 does not exceed \$12,000.”, and (2) by adding at the end
11 thereof the following sentences: “Subject to the provision of
12 this section with respect to preserving the relative credit
13 preferences accorded to veterans under existing law, the Presi-
14 dent may require lenders or borrowers and their successors
15 and assigns to comply with reasonable conditions and require-
16 ments, in addition to those provided by other laws, in con-
17 nection with any loan of a type which has been the subject
18 of action by the President under this section. Such condi-
19 tions and requirements may vary for classifications of persons
20 or transactions as the President may prescribe, and failure to
21 comply therewith shall constitute a violation of this section.”

22 GENERAL PROVISIONS

23 SEC. 107. The table of contents of the Defense Pro-
24 duction Act of 1950 is amended by striking out “Authority

1 to requisition” and inserting in lieu thereof “Authority to
2 requisition and condemn”.

3 SEC. 108 (a) Section 701 (b) (ii) of the Defense
4 Production Act of 1950 is hereby amended to read as follows:

5 “(ii) Such business advisory committees shall be ap-
6 pointed as shall be appropriate for purposes of consulta-
7 tion in the formulation of rules, regulations, or orders,
8 or amendments thereto issued under authority of this
9 Act, and in their formation there shall be fair represen-
10 tation for independent small, for medium, and for large
11 business enterprises, for different geographical areas,
12 for trade association members and nonmembers, and for
13 different segments of the industry;”.

14 (b) Subsection (c) of section 701 of the Defense Pro-
15 duction Act of 1950 is amended by striking out “and having
16 due regard to the needs of new businesses” and inserting in
17 lieu thereof the following: “and having due regard to the
18 current competitive position of established business: Pro-
19 vided, That the limitations and restrictions imposed on the
20 production of specific items shall not exclude new concerns
21 from a fair and reasonable share of total authorized
22 production”.

23 SEC. 109. (a) Subsection (a) of section 703 of the
24 Defense Production Act of 1950 is amended by striking out

1 the second sentence and inserting in lieu thereof the follow-
2 ing sentence: "The President is authorized to appoint heads
3 and assistant heads of any such new agencies, and other
4 officials therein of comparable status, and to fix their com-
5 pensation, without regard to the Classification Act of 1949,
6 as amended, the head of one such agency to be paid at a
7 rate comparable to the compensation paid to the heads of
8 executive departments of the Government, and other such
9 heads, assistant heads, and officials at rates comparable to
10 the compensation paid to the heads and assistant heads of
11 independent agencies of the Government."

12 (b) Section 704 of the Defense Production Act of 1950
13 is amended by adding at the end thereof the following new
14 sentence: "No rule, regulation, or order issued under this
15 Act which restricts the use of natural gas (either directly,
16 or by restricting the use of facilities for the consumption of
17 natural gas, or in any other manner) shall apply in any
18 State in which a public regulatory agency has authority to
19 restrict the use of natural gas and certifies to the President
20 that it is exercising that authority to the extent necessary to
21 accomplish the objectives of this Act."

22 (c) (1) Subsection (a) of section 705 of the Defense
23 Production Act of 1950 is amended by inserting after "take
24 the sworn testimony of," the following: "and administer oaths
25 and affirmations to,".

1 (2) *Section 705 of the Defense Production Act of 1950*
2 *is further amended by redesignating subsections (d) and (e)*
3 *as subsections (e) and (f), respectively, and by inserting*
4 *the following new subsection:*

5 “(d) *Whenever the President deems such action to be*
6 *in the interest of the national defense, he may, while this*
7 *Act is in effect, dispense with any of the statistical work*
8 *in which any executive department or establishment, by*
9 *another provision of law, is directed to engage.”*

10 (d) *Subsection (a) of section 706 of the Defense Pro-*
11 *duction Act of 1950 is amended by striking out the last eight*
12 *words thereof and inserting in lieu thereof the following:*
13 *“or other order, with or without such injunction or restrain-*
14 *ing order, shall be granted without bond”.*

15 (e) *Subsection (b) of section 706 of the Defense Pro-*
16 *duction Act of 1950 is amended by striking out the first two*
17 *sentences and inserting in lieu thereof the following sen-*
18 *tences: “Except as otherwise provided in this Act, the dis-*
19 *trict courts of the United States and the United States courts*
20 *of any Territory or other place subject to the jurisdiction of*
21 *the United States shall have exclusive jurisdiction of viola-*
22 *tions of this Act or any rule, regulation, order, or subpoena*
23 *thereunder, and of all civil actions under this Act to enforce*
24 *any liability or duty created by, or to enjoin any violation*
25 *of, this Act or any rule, regulation, order or subpoena there-*

1 under, regardless of the amount in controversy. Any crim-
2 inal proceeding on account of any such violation may be
3 brought in any district in which any act, failure to act, or
4 transaction constituting the violation occurred.”

5 (f) Section 710 of the Defense Production Act of 1950
6 is amended by adding at the end thereof the following new
7 subsection:

8 “(f) The President, when he deems such action neces-
9 sary, may make provision for the printing and distribution
10 of reports, in such number and in such manner as he deems
11 appropriate, concerning the actions taken to carry out the
12 objectives of this Act.”

13 SEC. 110. (a) Title VII of the Defense Production
14 Act of 1950 is amended by adding after section 713 the fol-
15 lowing new section:

16 “SEC. 714. (a) (1) It is the sense of the Congress
17 that small-business concerns be encouraged to make the great-
18 est possible contribution toward achieving the objectives of
19 this Act. In order to carry out this policy there is hereby
20 created a body corporate under the name ‘Small Defense
21 Plants Corporation’ (hereinafter referred to as the Cor-
22 poration), which Corporation shall be under the general
23 direction and supervision of the President and shall not be
24 affiliated with or be within any other agency or department

1 of the Federal Government. The principal office of the
2 Corporation shall be located in the District of Columbia,
3 but the Corporation may establish such branch offices in
4 other places in the United States as may be determined by
5 the Administrator of the Corporation.

6 “(2) The Corporation is authorized to obtain money
7 from the Treasury of the United States, for use in the
8 performance of the powers and duties granted to or imposed
9 upon it by law, not to exceed a total of \$50,000,000 out-
10 standing at any one time. For this purpose appropriations
11 not to exceed \$50,000,000 are hereby authorized to be made
12 to a revolving fund in the Treasury. Advances shall be made
13 to the Corporation from the revolving fund when requested
14 by the Corporation.

15 “(3) The management of the Corporation shall be vested
16 in an Administrator who shall be appointed by the President,
17 by and with the advice and consent of the Senate, and who
18 shall be a person of outstanding qualifications known to be
19 familiar and sympathetic with small-business needs and prob-
20 lems. The Administrator shall receive compensation at the
21 rate of \$17,500 per annum. The Administrator shall not
22 engage in any other business, vocation, or employment than
23 that of serving as Administrator. The Administrator is au-
24 thorized to appoint two Deputy Administrators to assist in-

1 *the execution of the functions vested in the Corporation.*
2 *Deputy Administrators shall be paid at the rate of \$15,000*
3 *per annum.*

4 “(4) *The Corporation shall not have succession, beyond*
5 *June 30, 1952, except for purposes of liquidation, unless its*
6 *life is extended beyond such date pursuant to an Act of Con-*
7 *gress. It shall have power to adopt, alter, and use a cor-*
8 *porate seal, which shall be judicially noticed; to make con-*
9 *tracts; to lease such real estate as may be necessary for the*
10 *transaction of its business; to sue and be sued, to complain and*
11 *to defend, in any court of competent jurisdiction, State or*
12 *Federal; to select and employ such officers, employees, at-*
13 *torneys, and agents as shall be necessary for the transaction*
14 *of business of the Corporation; to define their authority and*
15 *duties, require bonds of them, and fix the penalties thereof;*
16 *and to prescribe, amend, and repeal, by its Administrator,*
17 *bylaws, rules, and regulations governing the manner in which*
18 *its general business may be conducted and the powers granted*
19 *to it by law may be exercised and enjoyed. The Adminis-*
20 *trator shall determine and prescribe the manner in which the*
21 *Corporation's obligations shall be incurred and its expenses*
22 *allowed and paid. The Corporation shall be entitled to the*
23 *free use of the United States mails in the same manner as*
24 *the executive departments of the Government. The Corpora-*
25 *tion, with the consent of any board, commission, independent*

1 establishment, or executive department of the Government,
2 may avail itself of the use of information, services, facilities,
3 including any field service thereof, officers, and employees
4 thereof in carrying out the provisions of this section.

5 “(5) All moneys of the Corporation not otherwise
6 employed may be deposited with the Treasurer of the United
7 States subject to check by authority of the Corporation or in
8 any Federal Reserve bank. The Federal Reserve banks are
9 authorized and directed to act as depositaries, custodians, and
10 fiscal agents for the Corporation in the general performance
11 of its powers conferred by this section. All insured banks,
12 when designated by the Secretary of the Treasury, shall act
13 as depositaries, custodians, and financial agents for the Cor-
14 poration.

15 “(b) (1) The Corporation is empowered—

16 (A) to recommend to the Reconstruction Finance
17 Corporation loans or advances, on such terms and condi-
18 tions and with such maturities as it may determine, to
19 enable small-business concerns to finance plant construc-
20 tion, conversion, or expansion, including the acquisition
21 of land; or finance the acquisition of equipment, facil-
22 ities, machinery, supplies, or materials; or to finance
23 research, development, and experimental work or new or
24 improved products or processes; or to supply such con-
25 cerns with capital to be used in the manufacture of

1 *articles, equipment, supplies, or materials for defense*
2 *or essential civilian purposes; or to establish and operate*
3 *technical laboratories to serve small-business concerns;*
4 *such loans or advances to be made or effected either*
5 *directly by the Reconstruction Finance Corporation or in*
6 *cooperation with banks or other lending institutions*
7 *through agreements to participate or by the purchase of*
8 *participations, or otherwise;*

9 *“(B) to purchase or lease such land; to purchase,*
10 *lease, build, or expand such plants; and to purchase or*
11 *produce such equipment, facilities, machinery, mate-*
12 *rials, or supplies, as may be needed to enable the Cor-*
13 *poration to provide small-business concerns with such*
14 *land, plants, equipment, facilities, machinery, materials,*
15 *or supplies as such concerns may require to engage in the*
16 *production of such articles, equipment, supplies, or*
17 *materials;*

18 *“(C) to lease, sell, or otherwise dispose of to any*
19 *small-business concern any such land, plants, equipment,*
20 *facilities, machinery, materials, or supplies;*

21 *“(D) to enter into contracts with the United States*
22 *Government and any department, agency, or officer*
23 *thereof having procurement powers obligating the Cor-*
24 *poration to furnish articles, equipment, supplies, or mate-*
25 *rials to the Government;*

1 “(E) to arrange for the performance of such con-
2 tracts by letting subcontracts to small-business concerns
3 or others for the manufacture, supply, or assembly of
4 such articles, equipment, supplies, or materials, or parts
5 thereof, or servicing or processing in connection there-
6 with, or such management services as may be necessary
7 to enable the Corporation to perform such contracts; and

8 “(F) to provide technical and managerial aids to
9 small-business concerns conducting and stimulating tech-
10 nical research, by maintaining a clearing house for
11 technical information, by cooperating with other Govern-
12 ment agencies, by disseminating information, and by such
13 other activities as are deemed appropriate by the
14 Corporation.

15 “(2) In any case in which the Corporation certifies to
16 any officer of the Government having procurement powers
17 that the Corporation is competent to perform any specific
18 Government procurement contract to be let by any such
19 officer, such officer shall be required to let such procurement
20 contract to the Corporation upon such terms and conditions
21 as may be specified by the Corporation. Such subcontracts
22 may be let upon such terms and conditions as the Corpora-
23 tion may deem appropriate in accordance with such regula-
24 tions as may be prescribed under section 201 of the First
25 War Powers Act, 1941, as amended.

1 “(c) (1) Whoever makes any statement knowing it to be
2 false, or whoever willfully overvalues any security, for the
3 purpose of obtaining for himself or for any applicant any
4 loan, or extension thereof by renewal, deferment of action,
5 or otherwise, or the acceptance, release, or substitution of
6 security therefor, or for the purpose of influencing in any
7 way the action of the Corporation, or for the purpose of
8 obtaining money, property, or anything of value, under this
9 section, shall be punished by a fine of not more than \$5,000 or
10 by imprisonment for not more than two years, or both.

11 “(2) Whoever, being connected in any capacity with the
12 Corporation, (A) embezzles, abstracts, purloins, or willfully
13 misapplies any moneys, funds, securities, or other things of
14 value, whether belonging to it or pledged or otherwise en-
15 trusted to it; or (B) with intent to defraud the Corporation
16 or any other body politic or corporate, or any individual, or
17 to deceive any officer, auditor, or examiner of the Corpora-
18 tion, makes any false entry in any book, report, or statement
19 of or to the Corporation, or, without being duly authorized,
20 draws any order or issues, puts forth, or assigns any note,
21 debenture, bond, or other obligation, or draft, bill of exchange,
22 mortgage, judgment, or decree thereof; or (C) with intent
23 to defraud participates, shares, receives directly or indirectly
24 any money, profit, property, or benefit through any trans-
25 action, loan, commission, contract, or any other act of the

1 Corporation; or (D) gives any unauthorized information
2 concerning any future action or plan of the Corporation
3 which might affect the value of securities, or, having such
4 knowledge, invests or speculates, directly or indirectly, in the
5 securities or property of any company or corporation receiv-
6 ing loans or other assistance from the Corporation, shall be
7 punished by a fine of not more than \$10,000 or by imprison-
8 ment for not more than five years, or both.

9 “(d) Whenever the Corporation has completed any
10 transaction under clause (B), or (C) of subsection (b) (1)
11 of this section, it may transfer the plant, equipment, facilities,
12 machinery, materials, supplies, leases, or other property re-
13 sulting from such transaction to the Reconstruction Finance
14 Corporation, and the Reconstruction Finance Corporation
15 shall service and administer such property, as the agent of
16 the Corporation, remitting to it any interest, principal, or
17 other proceeds or collections, after deducting actual expense
18 of service and administration.

19 “(e) (1) It shall be the duty of the Corporation, and
20 it is hereby empowered, to coordinate and to determine the
21 means by which the productive capacity of small-business
22 concerns can be most effectively utilized for national defense
23 and essential civilian production.

24 “(2) It shall be the duty of the Corporation, and it is
25 hereby empowered, to consult and cooperate with appropriate

1 governmental agencies in the issuance of all orders limiting
2 production by business enterprises, in order that small-busi-
3 ness concerns will be most effectively utilized in the production
4 of articles, equipment, supplies, and materials for national
5 defense and essential civilian purposes.

6 “(3) All governmental agencies are required, before
7 issuing orders limiting production by or granting priorities
8 to business enterprises, to consult and cooperate with the
9 Corporation in order that small-business concerns will be
10 most effectively utilized in the production of articles, equip-
11 ment, supplies, and materials for national defense and es-
12 sential civilian purposes.

13 “(f) The Corporation shall have the power, and it is
14 hereby directed, whenever it determines such action is neces-
15 sary—

16 “(1) to make a complete inventory of all productive
17 facilities of small-business concerns which can be used
18 for defense and essential civilian production or to arrange
19 for such inventory to be made by any other governmental
20 agency which has the facilities: Provided, That in mak-
21 ing such inventory the appropriate agencies in the several
22 States shall be requested to furnish an inventory of the
23 productive facilities of small-business concerns in each
24 respective State, if such an inventory is available or in
25 prospect;

1 “(2) to consult and cooperate with officers of the
2 Government having procurement powers, in order to
3 utilize the potential productive capacity of plants operated
4 by small-business concerns;

5 “(3) to obtain detailed information as to the methods
6 and terms which Government prime contractors utilize in
7 letting subcontracts and to take action to insure the letting
8 of subcontracts by prime contractors to small-business
9 concerns at prices and on conditions and terms which are
10 fair and equitable;

11 “(4) to take such action in the letting of Government
12 procurement contracts as is necessary to provide small-
13 business concerns with an adequate incentive to engage
14 in defense and essential civilian production and to facili-
15 tate the conversion and the equipping of plants of small-
16 business concerns for such production;

17 “(5) to certify to the Reconstruction Finance Cor-
18 poration, or any of its subsidiaries, the amount of funds
19 required to convert to defense production any plant of a
20 small-business concern interested in obtaining from the
21 Reconstruction Finance Corporation, or any of its sub-
22 sidiaries, the funds necessary to provide for such con-
23 version;

24 “(6) to determine within any industry the concerns,
25 firms, persons, corporations, partnerships, cooperatives,

1 *or other business enterprises, which are to be designated*
2 *'small-business concerns' for the purpose of effectuating*
3 *the provisions of this section;*

4 *"(7) to certify to Government procurement officers*
5 *with respect to the competency, as to capacity and credit,*
6 *of any small-business concern or group of such concerns*
7 *to perform a specific Government procurement contract;*

8 *"(8) to obtain from any Federal department, estab-*
9 *lishment, or agency engaged in defense procurement*
10 *or in the financing of defense procurement or produc-*
11 *tion such reports concerning the letting of contracts and*
12 *subcontracts and making of loans to business concerns*
13 *as it may deem pertinent in carrying out its functions*
14 *under this section;*

15 *"(9) to obtain from suppliers of materials informa-*
16 *tion pertaining to the method of filling orders and the*
17 *bases for allocating their supply whenever it appears*
18 *that any small business is unable to obtain materials for*
19 *defense or essential civilian production from its normal*
20 *sources;*

21 *"(10) to make studies and recommendations to the*
22 *appropriate Federal agencies to insure a fair and equi-*
23 *table share of materials, supplies, and equipment to small-*
24 *business concerns to effectuate the defense program or*
25 *for essential civilian purposes;*

“(11) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from said agencies; and

“(12) to establish such advisory boards and committees wholly representative of small business as may be found necessary to achieve the purposes of this section.

“(g) (1) In any case in which a small-business concern or group of such concerns has been certified by or under the authority of the Corporation to be a competent Government contractor with respect to capacity and credit as to a specific Government procurement contract, the officers of the Government having procurement powers are directed to accept such certification as conclusive, and are authorized to let such Government procurement contract to such concern or group of concerns without requiring it to meet any other requirement with respect to capacity and credit.

“(2) The Congress has as its policy that a fair proportion of the total purchases and contracts for supplies and services for the Government shall be placed with small-business concerns. To effectuate such policy, small-business concerns within the meaning of this section shall receive any award or contract or any part thereof if it is determined by the Corporation and the contracting procurement agencies

1 (A) to be in the interest of mobilizing the Nation's full pro-
2 ductive capacity, or (B) to be in the interest of the national
3 defense program.

4 “(3) No certificate of necessity, afforded under section
5 124A (e) of the Internal Revenue Code shall be granted a
6 prime or subcontractor for the construction, reconstruction,
7 erection, installation, or acquisition of a facility for the pro-
8 duction of any material when productive facilities are avail-
9 able which can reasonably meet the same need.

10 “(4) Whenever materials or supplies are allocated by
11 law, a fair and equitable percentage thereof shall be made
12 available to the Corporation, to be allocated by it to small
13 plants unable to obtain the necessary materials or supplies
14 from usual sources. Such percentage shall be determined
15 by the head of the lawful allocating authority after giving
16 full consideration to the claims presented by the Corporation.

17 “(h) The Corporation shall make a report every ninety
18 days of operations under this section to the President, the
19 President of the Senate, and the Speaker of the House of Rep-
20 resentatives. Such report shall include the names of the busi-
21 ness concerns to whom contracts are let, and for whom
22 financing is arranged, by the Corporation, together with
23 the amounts involved, and such report shall include such
24 other information, and such comments and recommendations,

1 with respect to the relation of small-business concerns to the
2 defense effort, as the Corporation may deem appropriate.

3 “(i) The Corporation is hereby empowered to make
4 studies of the effect of price, credit, and other controls im-
5 posed under the defense program and, whenever it finds
6 that these controls discriminate against or impose undue
7 hardship upon small business, to make recommendations to
8 the appropriate Federal agency for the adjustment of controls
9 to the needs of small business.

10 “(j) The Reconstruction Finance Corporation is au-
11 thorized to make loans and advances upon the recommenda-
12 tion of the Small Defense Plants Corporation as provided in

13 (b) (1) (A) of this section, not to exceed an aggregate of
14 \$100,000,000 outstanding at any one time, on such terms
15 and conditions and with such maturities as Reconstruction
16 Finance Corporation may determine.

17 “(k) Section 101 of the Government Corporation Con-
18 trol Act is amended by inserting immediately after ‘Com-
19 modity Credit Corporation;’ the following: ‘Small Defense
20 Plants Corporation;’.

21 “(l) There are hereby authorized to be appropriated
22 such sums as may be necessary and appropriate for the
23 carrying out of the provisions and purposes of this section.”

24 (b) The presently designated sections 714, 715, and

1 716 of the *Defense Production Act of 1950* are redesignated
2 as sections 715, 716, and 717, respectively.

3 SEC. 111. The presently designated section 716 of the
4 *Defense Production Act of 1950* is amended by striking out
5 subsections (a) and (b), by redesignating subsections (c)
6 and (d) as subsections (b) and (c), respectively, and by in-
7 serting the following new subsection:

8 “(a) This Act and all authority conferred thereunder
9 shall terminate at the close of June 30, 1952.”

10 TITLE II—AMENDMENTS TO THE HOUSING
11 AND RENT ACT OF 1947

12 SEC. 201. Section 204 (f) of the *Housing and Rent*
13 *Act of 1947*, as amended, is amended by striking out “July
14 31, 1951” and inserting in lieu thereof “June 30, 1952”.

15 SEC. 202. (a) The *Housing and Rent Act of 1947*, as
16 amended, is amended by striking out “Housing Expediter”
17 wherever it appears therein and inserting in lieu thereof
18 “President”.

19 (b) Section 204 (a) of the *Housing and Rent Act of*
20 *1947*, as amended, is repealed.

21 (e) Section 206 (e) of the *Housing and Rent Act of*
22 *1947*, as amended, is amended by striking out “The prin-
23 cipal office of the Housing Expediter shall be in the District
24 of Columbia, but he or any duly authorized representative

1 may exercise any or all of his powers in any place and
2 attorneys" and inserting in lieu thereof "Attorneys".

3 (d) Section 208 of the Housing and Rent Act of 1947,
4 as amended, is amended to read as follows:

5 "SEC. 208. The President shall administer the powers,
6 duties, and functions conferred upon him by title II of this
7 Act through the new independent agency created pursuant
8 to section 403 of the Defense Production Act of 1950; and
9 he shall administer the powers, duties, and functions con-
10 ferred upon him by title I of this Act through such officer
11 or agency of the Government as he may designate. In
12 accordance with the action taken by him pursuant to the
13 preceding sentence, the President shall provide for appro-
14 priate transfers of records, property, necessary personnel,
15 and unexpended balances of appropriations, allocations, and
16 other funds heretofore under the jurisdiction of, or available
17 to, the Office of the Housing Expediter. Any employees of
18 the Office of the Housing Expediter not so transferred shall,
19 unless transferred to other positions in the Government, be
20 separated from the service. The President shall make such
21 provisions as he shall deem appropriate for the termination
22 and liquidation of the affairs of the Office of the Housing
23 Expediter. For the purposes of determining the status of

1 *employees transferred to the agency administering functions*
2 *provided for in this Act, and in the Defense Production Act*
3 *of 1950, as amended, they shall be deemed to be transferred*
4 *in connection with a transfer of functions."*

5 *SEC. 203. Section 204 of the Housing and Rent Act*
6 *of 1947, as amended, is amended by adding at the end thereof*
7 *the following:*

8 *"(k) Notwithstanding any other provision of this Act,*
9 *the President shall by regulation or order establish such*
10 *maximum rent or maximum rents as in his judgment will be*
11 *fair and equitable for any housing accommodations (1) in*
12 *any State which by law declares that there exists such a short-*
13 *age in rental housing accommodations as to require Federal*
14 *rent control in such State, or (2) in any incorporated city,*
15 *town, village, or in the unincorporated area of any county*
16 *(other than a city, town, village, or unincorporated area of*
17 *any county within a State which is controlling rents) upon*
18 *receipt of a resolution of its governing body adopted for that*
19 *purpose in accordance with applicable local law and based*
20 *upon a finding by such governing body, reached as a result*
21 *of a public hearing held after ten days' notice, that there*
22 *exists such a shortage in rental housing accommodations as to*
23 *require Federal rent control in such city, town, village, or*
24 *unincorporated area in such county. In establishing any*
25 *maximum rent for any housing accommodations under this*

1 subsection the President shall give due consideration to the
2 rents prevailing for such housing accommodations or compa-
3 rable housing accommodations during the period from May
4 24, 1950, to June 24, 1950, and he shall make adjustment
5 for such relevant factors as he shall deem to be of general
6 applicability in respect to such accommodations including
7 increases or decreases in property taxes and other costs within
8 such area.

9 “(1) Notwithstanding any other provisions of this Act,
10 whenever the Secretary of Defense and the Director of De-
11 fense Mobilization, acting jointly, shall determine and certify
12 to the President that any defense-rental area (whether then
13 or ever controlled or decontrolled under this Act or under
14 State or local law) is a critical defense housing area, the
15 President shall by regulation or order establish such maxi-
16 mum rent or maximum rents for any housing accommoda-
17 tions, not then subject to rent control, in such area or portion
18 thereof as in his judgment will be fair and equitable. Not-
19 withstanding the provisions of section 202 (c) the term ‘con-
20 trolled housing accommodations’ as applied to any such crit-
21 ical defense housing area shall include all housing accommo-
22 dations in the area, without exception. In establishing any
23 maximum rent for any housing accommodations under this
24 subsection, the President shall give due consideration to the
25 rents prevailing at the time rent control is established, and

1 he shall make adjustment for such relevant factors as he
2 shall determine and deem to be of general applicability in
3 respect to such accommodations, including increases or de-
4 creases in property taxes and other costs within such defense-
5 rental area. Maximum rents in any critical defense housing
6 area shall be terminated at such time as the Secretary of
7 Defense and the Director of Defense Mobilization, acting
8 jointly, shall determine and certify to the President that such
9 area is no longer a critical defense housing area, or as pro-
10 vided in subsection (e) or (j) of this section: Provided,
11 however, That in any area where maximum rents are re-
12 moved under the procedures provided in subsection (e) or
13 (j) of this section, maximum rents may be reestablished after
14 the expiration of thirty days on the determination and certi-
15 fication of the Secretary of Defense and the Director of
16 Defense Mobilization, acting jointly. No area shall be certi-
17 fied as a critical defense housing area under the authority
18 granted in this subsection unless all the following conditions
19 exist in such area:

20 “(A) a new defense plant or installation has been
21 or is to be provided, or an existing defense plant or
22 installation has been or is to be reactivated or its opera-
23 tion substantially expanded;

24 “(B) substantial in-migration of defense workers

1 or military personnel is required to carry out activities
2 at such plant or installation; and

3 “(C) a substantial shortage of housing required
4 for such defense workers or military personnel exists
5 or impedes which has resulted or threatens to result in
6 excessive rent increases and which impedes or threatens
7 to impede activities of such defense plant or installation.
8 If any locality which has been decontrolled as a result
9 of action by its local governing body under paragraph
10 (3) of subsection (j) of this section is included in an
11 area certified under this subsection as a critical defense
12 housing area, the President shall promptly notify the
13 local governing body of that fact, and shall not establish
14 any maximum rent for any housing accommodation in
15 the locality until sixty days have elapsed after the date
16 on which such notice is given. If, within such sixty-
17 day period, the local governing body adopts a resolution
18 in accordance with applicable local law and based upon
19 a finding by it reached as the result of a public hearing
20 held after ten days’ notice, that any of the conditions
21 listed in paragraphs (A), (B), and (C) of this subsec-
22 tion does not exist in the locality, the certification in-
23 volved shall have no effect with respect to the locality
24 for the purposes of this subsection and subsection (m) of

1 *this section. The preceding two sentences shall not apply*
2 *with respect to any housing accommodation occupied by,*
3 *or by the family of, a member of the Armed Forces who*
4 *is stationed at an Armed Forces installation in or adja-*
5 *cent to the locality.*

6 *“(m) Whenever an area has been certified under sub-*
7 *section (l) to be a critical defense housing area, real-estate*
8 *construction credit controls imposed under title VI of the*
9 *Defense Production Act of 1950 shall be suspended with*
10 *respect to new housing construction in such area, the cost of*
11 *which does not exceed—*

12 *“(A) \$9,000 for single-family dwellings or \$16,500*
13 *for two-family dwellings, constructed for sale or rent,*
14 *except that these amounts may be increased to not to*
15 *exceed \$10,000 or \$17,500, respectively, in any geo-*
16 *graphical area where the President finds that cost levels*
17 *so require: Provided, That if the President finds that*
18 *it is not feasible within the aforesaid dollar-amount limi-*
19 *tations to construct dwellings containing three or four*
20 *bedrooms per family unit without sacrifice of sound*
21 *standards of construction, design, and livability, he may*
22 *increase such dollar-amount limitations by not exceeding*
23 *\$1,200 for each additional bedroom (as defined by the*
24 *President) in excess of two contained in each family*
25 *unit if he finds that such unit meets sound standards of*

1 *livability as a three-bedroom or a four-bedroom unit, as*
2 *the case may be.*

3 *“(B) \$9,000 per family unit (or \$8,000 per family*
4 *unit if the number of rooms in a multifamily rental prop-*
5 *erty or project does not equal or exceed four per family*
6 *unit) for such part of such property or project as may*
7 *be attributable to dwelling use: Provided, That the Presi-*
8 *dent may by regulation increase such dollar amount*
9 *limitations by not exceeding \$1,000 in any geographical*
10 *area where he finds that cost levels so require.*

11 *In any such critical defense housing area where maximum*
12 *rents are removed under procedure provided in subsection*
13 *(e), (j), or (l) of this section the suspension of credit con-*
14 *trols provided for in this subsection shall terminate imme-*
15 *diately. The fact that any area has been certified as a ‘crit-*
16 *ical defense housing area’ under subsection (l) shall not*
17 *make such area ineligible for the location of additional*
18 *defense plants, facilities, or installations, or as a source of*
19 *additional military procurement of any sort.*

20 *“(n) Notwithstanding any other provisions of this Act,*
21 *in order to compensate for increases in costs and prices which*
22 *have occurred, the maximum rent in effect on the date of en-*
23 *actment of this subsection for any housing accommodation*
24 *shall, upon sworn application, be increased to 120 per centum*
25 *of the following: The maximum rent for the housing accom-*

1 modation (or a comparable housing accommodation) in effect
2 on June 30, 1947, plus the amount of any increase allowed
3 or allowable under this Act for major capital improvements
4 or for increases in living space, services, furniture, furnish-
5 ings, or equipment, and minus any decrease required or
6 requirable under this Act for decreases in living space, serv-
7 ices, furniture, furnishings, or equipment, or for substantial
8 deterioration or failure to perform ordinary repair, replace-
9 ment, or maintenance. Any increase in a maximum rent
10 applied for under this subsection which is based upon the
11 maximum rent in effect on June 30, 1947, for the particular
12 housing accommodation and upon increases and decreases
13 actually allowed under this Act shall be effective upon the
14 filing of the application. Nothing in this subsection shall
15 require the reduction of any maximum rent, nor prevent such
16 additional adjustment for increases in costs and prices as
17 the President may deem appropriate.”

18 SEC. 204. Section 205 of the Housing and Rent Act of
19 1947, as amended, is amended to read as follows:

20 “(a) Any person who demands, accepts, receives, or
21 retains any payment of rent in excess of the maximum rent
22 prescribed under the provisions of this Act, or any regula-
23 tion, order, or requirement thereunder, shall be liable to the
24 person from whom such payment is demanded, accepted,
25 received, or retained (or shall be liable to the United States

1 as hereinafter provided) for reasonable attorney's fees and
2 costs as determined by the court, plus liquidated damages
3 in the amounts of (1) \$50, or (2) not more than three times
4 the amount by which the payment or payments demanded,
5 accepted, received, or retained exceed the maximum rent which
6 could lawfully be demanded, accepted, received, or retained,
7 as the court in its discretion may determine, whichever in
8 either case may be the greater amount: Provided, That the
9 amount of such liquidated damages shall be the amount of
10 the overcharge or overcharges if the defendant proves that
11 the violation was neither willful nor the result of failure
12 to take practicable precautions against the occurrence of the
13 violation.

14 “(b) Any person who unlawfully evicts a tenant shall
15 be liable to the person so evicted (or shall be liable to the
16 United States as hereinafter provided) for reasonable attor-
17 ney's fees and costs as determined by the court, plus liquidated
18 damages in the amounts of (1) one month's rent or \$50,
19 whichever is greater, or (2) not more than three times such
20 monthly rent, or \$150, whichever is greater: Provided, That
21 the amount of such liquidated damages shall be the amount
22 of one month's rent or \$50, whichever is greater, if the de-
23 fendant proves that the violation was neither willful nor the
24 result of failure to take practicable precautions against the
25 occurrence of the violation.

1 “(c) Suit to recover liquidated damages as provided in
2 this section may be brought in any Federal court of com-
3 petent jurisdiction regardless of the amount involved, or in
4 any State or Territorial court of competent jurisdiction,
5 within one year after the date of violation: Provided, That
6 if the person from whom such payment is demanded,
7 accepted, received, or retained, or the person wrongfully
8 evicted, either fails to institute an action under this section
9 within thirty days from the date of the occurrence of the
10 violation or is not entitled for any reason to bring the action,
11 the United States may settle the claim arising out of the
12 violation or within one year after the date of violation may
13 institute such action. If such claim is settled or such action
14 is instituted, the person from whom such payment is de-
15 manded, accepted, received, or retained, or the person wrong-
16 fully evicted, shall thereafter be barred from bringing an
17 action for the same violation or violations. For the purpose
18 of determining the amount of liquidated damages to be
19 awarded to the plaintiff in an action brought under subsec-
20 tion (a) of this section, all violations alleged in an action
21 under said subsection (a) which were committed by the de-
22 fendant with respect to the plaintiff prior to the bringing of
23 such an action shall be deemed to constitute one violation
24 and, in such action under subsection (a) of this section, the
25 amount demanded, accepted, received, or retained in con-

1 nection with such one violation shall be deemed to be the
 2 aggregate amount demanded, accepted, received, or retained
 3 in connection with all such violations. A judgment for
 4 damages or on the merits in any action under either sub-
 5 section (a) or (b) of this section shall be a bar to any re-
 6 covery under the same subsection of this section in any other
 7 action against the same defendant on account of any viola-
 8 tion with respect to the same person prior to the institution
 9 of the action in which such judgment was rendered.”

10 “SEC. 205. Section 206 (a) of the Housing and Rent
 11 Act of 1947, as amended, is amended to read as follows:

12 “(1) It shall be unlawful for any person to demand,
 13 accept, receive, or retain any rent for the use or occupancy
 14 of any controlled housing accommodations in excess of the
 15 maximum rent prescribed under this Act, or otherwise to do
 16 or omit to do any act, in violation of this Act, or of any
 17 regulation or order or requirement under this Act, or to offer,
 18 solicit, attempt, or agree to do any of the foregoing.

19 “(2) It shall be unlawful for any person to evict, remove,
 20 or exclude, or cause to be evicted, removed, or excluded, any
 21 tenant from any controlled housing accommodations in any
 22 manner or upon any grounds except as authorized or per-
 23 mitted by the provisions of this Act or any regulation, order,
 24 or requirement thereunder, and any person who lawfully
 25 gains possession from a tenant of any controlled housing

1 accommodations, and thereafter fails fully to comply with
2 such requirements or conditions as may have been imposed
3 for such possession by the provisions of this Act or any regu-
4 lation, order, or requirement thereunder, shall also be deemed
5 to have unlawfully evicted such tenant and shall be liable to
6 such tenant, or to the United States, as provided in this Act.

7 SEC. 206. (a) The first sentence of section 202 (c)
8 (1) (A), of the Housing and Rent Act of 1947 is amended
9 by striking out the following: "which is located in a city of
10 less than two million five hundred thousand population
11 according to the 1940 decennial census and".

12 (b) Section 202 (c) (1) (B) of such Act is repealed.

13 SEC. 207. Section 202 (d) of such Act (defining de-
14 fense-rental area) is amended by inserting after "204 (i)
15 (1) or (2)" the following: ", 204 (k), or 204 (l)".

16 SEC. 208. (a) The last sentence of section 4 (c) of
17 the Housing and Rent Act of 1947, as amended, is amended
18 by inserting after the word "section" the following: "for
19 persons engaged in national defense activities and".

20 (b) Section 4 (e) of such Act is amended by striking
21 out "July 31, 1951" and inserting in lieu thereof "June 30,
22 1952".

23 (c) Section 4 of such Act is amended by adding at the
24 end thereof the following new subsection:

25 "(f) For the purposes of this section, any parent of a

1 member of the armed forces of the United States who lost
2 his life in the armed services of the United States since Sep-
3 tember 16, 1940, shall be considered to be a member of the
4 family of a veteran of World War II."

5 SEC. 209. Section 215 of the Independent Offices Ap-
6 propriation Act, 1946 (59 Stat. 134), and section 213 of
7 the Independent Offices Appropriation Act, 1947 (60 Stat.
8 81), are hereby repealed.

9 SEC. 210. (a) Section 202 (a) of the Housing and Rent
10 Act of 1947, as amended, is amended to read as follows:

11 "(a) The term 'person' includes an individual, corpora-
12 tion, partnership, association, or any other organized group
13 of persons, or legal successor or representative of the fore-
14 going, and includes the United States or any agency thereof,
15 or any other government, or any of its political subdivisions,
16 or any agency of any of the foregoing: Provided, That no
17 punishment provided by this Act shall apply to the United
18 States, or to any such government, political subdivision, or
19 government agency."

20 (b) Section 204 (i) of such Act is amended by adding
21 at the end thereof the following new paragraph:

22 "(7) The President shall establish, for each housing
23 accommodation in the suburban resettlement project known
24 as Greenbelt, Maryland, a maximum rent equal to 120
25 per centum of the rent in effect on January 30, 1942, plus

1 or minus such adjustments as are provided in subsection
2 (b) (1) of this section with respect to maximum rents
3 established under the Emergency Price Control Act of
4 1942, as amended.”

5 SEC. 211. Nothing in this Act or in the Housing and
6 Rent Act of 1947, as amended, shall be construed to require
7 any person to offer any housing accommodations for rent.

Passed the Senate June 28 (legislative day, June 27),
1951.

Attest:

LESLIE L. BIFFLE,

Secretary.

Passed the House of Representatives with an amend-
ment July 20, 1951.

Attest:

RALPH R. ROBERTS,

Clerk.

82^d CONGRESS
1ST SESSION

S. 1717

AN ACT

To amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

IN THE HOUSE OF REPRESENTATIVES

JULY 21, 1951

Ordered to be printed with the amendment of the
House of Representatives

July 23

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MAGNUSON:

S. 1879. A bill for the relief of Ernest Nanpei Ithrig; and

S. 1880 (by request). A bill for the relief of Donald R. Dyson and Kenneth M. Dyson; to the Committee on the Judiciary.

By Mr. McFARLAND:

S. 1881. A bill to eliminate compensation of members of the Armed Forces of the United States from taxable income, and for other purposes; to the Committee on Finance.

By Mr. SMITH of North Carolina:

S. 1882. A bill to provide for the granting of an easement for a public road through the Pea Island National Wildlife Refuge in Dare County, North Carolina; to the Committee on Interstate and Foreign Commerce.

By Mr. MURRAY (for himself, Mr. CHAVEZ, Mr. GREEN, Mr. HILL, Mr. LANGER, Mr. KEFAUVER, Mr. GILLETTE, Mr. HUMPHREY, Mr. DOUGLAS, Mr. YOUNG, Mr. LEHMAN, Mr. JOHNSTON of South Carolina, Mr. SPARKMAN, and Mr. MAGNUSON):

S. 1883. A bill to establish a Missouri Valley Authority to provide for unified water control and resource development on the Missouri River, its tributaries and watershed, to prevent floods, reclaim and irrigate lands, encourage agriculture, stimulate industrial expansion, develop low-cost hydroelectric power, promote navigation, increase recreational possibilities, protect wildlife, strengthen the national defense, and for other purposes; to the Committee on Public Works.

(See the remarks of Mr. MURRAY when he introduced the above bill, which appear under a separate heading.)

By Mr. BRICKER:

S. 1884. A bill for the relief of Judson T. Ortman; to the Committee on the Judiciary.

PRINTING OF ADDITIONAL COPIES OF CERTAIN HEARINGS OF FINANCE COMMITTEE RELATING TO REVENUE

Mr. MILLIKIN submitted the following resolution (S. Res. 179), which was referred to the Committee on Rules and Administration:

Resolved, That 800 additional copies of part 1 and of each subsequent part of the hearings held before the Committee on Finance on (H. R. 4473) to provide revenue, and for other purposes, be printed for the use of said committee.

AGRICULTURE DEPARTMENT APPROPRIATIONS—AMENDMENTS

Mr. WILLIAMS submitted amendments intended to be proposed by him to the bill (H. R. 3973) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1952, and for other purposes, which were ordered to lie on the table and to be printed.

NOTICES OF MOTIONS TO SUSPEND THE RULE—AMENDMENTS

Mr. RUSSELL submitted the following notice in writing:

In accordance with rule XL of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 3 of rule XVI for the purpose of proposing to the bill (H. R. 3973) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1952, and for other purposes, the following amendment, namely:

On page 50, after line 14, insert the following:

"INTERNATIONAL WHEAT AGREEMENT"

"The Secretary of the Treasury is hereby authorized and directed to discharge indebtedness of the Commodity Credit Corporation to the Secretary of the Treasury by canceling notes issued by the Corporation to the Secretary of the Treasury in the amount of \$76,808,000 for the net costs during the fiscal year 1950 under the International Wheat Agreement Act of 1949 (7 U. S. C. 1641-1642)."

Mr. RUSSELL also submitted an amendment intended to be proposed by him to House bill 3973, making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1952, and for other purposes, which was ordered to lie on the table and to be printed.

(For text of amendment referred to, see the foregoing notice.)

Mr. RUSSELL (for Mr. CHAVEZ) submitted the following notice in writing: The notice of Mr. CHAVEZ is as follows:

In accordance with rule XL of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H. R. 3973) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1952, and for other purposes, the following amendment, namely: On page 41, after line 24, insert the following:

"The unexpended balances appropriated for the purposes of section 504 (a) of the Housing Act of 1949 by the General Appropriation Act of 1951, shall hereafter be available for the additional purposes of making grants and the grant portion of combination loans and grants for the purposes of the act of August 28, 1937, 'To promote conservation in the arid and semiarid areas of the United States by aiding in the development of facilities for water storage and utilization and for other purposes.'"

Mr. RUSSELL (for Mr. CHAVEZ) also submitted an amendment intended to be proposed by Mr. CHAVEZ to House bill 3973, making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1952, and for other purposes, which was ordered to lie on the table and to be printed.

(For text of amendment referred to, see the foregoing notice.)

EXECUTIVE MESSAGE REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate a message from the President of the United States submitting the nomination of Brig. Gen. Claude Henry Chorpene, Army of the United States (colonel, U. S. Army), for appointment as Assistant to the Chief of Engineers, United States Army, and as brigadier general in the Regular Army of the United States, and withdrawing the nomination of Mrs. Rufina W. Gully to be postmaster at Gholson, Miss., which nominating message was referred to the Committee on Armed Services.

EXECUTIVE REPORT OF A COMMITTEE

As in executive session,

The following favorable report of a nomination was submitted:

By Mr. MURRAY, from the Committee on Labor and Public Welfare:

Martha M. Elliot, of Connecticut, to be Chief of the Children's Bureau, Federal Se-

curity Agency, vice Katharine F. Lenroot, retired.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. KEFAUVER:

Address entitled "Crime in America: Its Effect on Foreign Relations," delivered by him at Columbia University on July 10, 1951.

Address entitled "New Atlantic Agreement Needed," delivered by Senator GILLETTE at the Atlantic Union Strategy Conference, Washington, D. C., May 18, 1951.

By Mr. RUSSELL:

Editorial on the death of Admiral Forrest P. Sherman, published in the Washington Evening Star of Monday, July 23, 1951.

By Mr. LANGER:

Editorial entitled "Rewriting the Constitution," published in the Bismarck (N. Dak.) Tribune of July 13, 1951.

Article entitled "Writer Explains Why Pick-Sloan Plan Won't Work," written by Richard Baumhoff, of the St. Louis Post-Dispatch, and published in the Bismarck (N. Dak.) Leader of July 19, 1951.

By Mr. BREWSTER:

Article entitled "Bonus Riot of 1932 Back in News," published in the Washington Post of July 22, 1951; also article entitled "Secret Testimony of Commie on Bonus March Made Public," published in the Washington Times-Herald of July 14, 1951.

By Mr. THYE:

Article entitled "Forestry's Challenge to America," published in the Grand Rapids Herald-Review of July 19, 1951, relating to award to the Chippewa National Forest and its management for most distinguished accomplishment.

By Mr. KILGORE:

Article by James Euchner entitled "Highway Would Honor Claudius Crozet," published in the Sunday magazine of the Richmond Times-Dispatch of July 15, 1951.

By Mr. BRICKER:

Article by Philip W. Forter, relating to Government controls, published in the Cleveland Plain Dealer of July 14, 1951.

Article by George E. Sokolski, entitled "UN and Press," published in the South Bend (Ind.) Tribune of July 16, 1951.

Editorial entitled "Covenant on Human Rights," published in the Palladium-Item and Sun-Telegram of Richmond, Ind., of July 20, 1951.

By Mr. LEHMAN:

Article entitled "The Faith of an American," by Edgar Rogle Clark.

Article entitled "New Hope for the Seaway," published in the Economist of April 21, 1951, regarding the St. Lawrence seaway.

EXTENSION OF DEFENSE PRODUCTION AND HOUSING AND RENT ACTS

The VICE PRESIDENT laid before the Senate the following amendment of the House of Representatives to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, together with a message from the House insisting upon its amendment and requesting a conference with the Senate thereon:

Resolved, That the bill from the Senate (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, do pass with the following amendment:

Strike out all after the enacting clause and insert: "That this act may be cited as the 'Defense Production Act Amendments of 1951.'"

"TITLE I—AMENDMENTS TO DEFENSE PRODUCTION ACT OF 1950

"PRIORITIES AND ALLOCATIONS

"SEC. 101. (a) Section 102 of the Defense Production Act of 1950 (Public Law 774, 81st Cong.) is amended by striking out the third sentence and inserting in lieu thereof the following sentences: 'In making such designations the President may prescribe such conditions with respect to the accumulation of materials in excess of the reasonable demands of business, personal, or home consumption as he deems necessary to carry out the objectives of this act. This section shall not be construed to limit the authority contained in sections 101 and 704 of this act.'

"(b) Title I of the Defense Production Act of 1950 is hereby amended by adding the following section:

"That import controls of fats and oils (including oil-bearing materials, fatty acids, and soap and soap powder, but excluding petroleum and petroleum products and coconuts and coconut products), peanuts, butter, cheese, and other dairy products, and rice and rice products are necessary for the protection of the essential security interests and economy of the United States in the existing emergency in international relations, and no imports of any such commodity or product shall be admitted to the United States until after June 30, 1953, which would (a) impair or reduce the domestic production of any such commodity or product below present production levels, or below such higher levels as the Secretary of Agriculture may deem necessary in view of domestic and international conditions, or (b) interfere with the orderly domestic storing and marketing of any such commodity or product, or (c) result in any unnecessary burden or expenditures under any Government price-support program.'

"(c) Section 101 of the Defense Production Act of 1950 is amended by adding at the end thereof the following: 'No restriction, quota, or other limitation shall be placed upon the quantity of livestock which may be slaughtered or handled by any processor.'

"AUTHORITY TO REQUISITION AND CONDEMN

"SEC. 102. (a) Title II of the Defense Production Act of 1950 is amended by adding to the heading thereof the words 'and condemn.'

"(b) Section 201 of the Defense Production Act of 1950 is amended—

"(1) By adding at the end of subsection (a) the following new sentence: 'No real property shall be acquired under this subsection.'

"(2) By adding after subsection (a) the following new subsection:

"(b) Whenever the President deems it necessary in the interest of national defense, he may acquire by purchase, donation, or other means of transfer, or may cause proceedings to be instituted in any court having jurisdiction of such proceedings to acquire by condemnation, any real property, including facilities, temporary use thereof, or other interest therein, together with any personal property located thereon or used therewith, that he deems necessary for the national defense, such proceedings to be in accordance with the act of August 1, 1888 (25 Stat. 357), as amended, or any other applicable Federal statute. Before condemnation proceedings are instituted pursuant to this section, an effort shall be made to acquire the property involved by negotiation unless, because of reasonable doubt as to the identity of the owner or owners, because of the large number of persons with whom it would be necessary to negotiate, or for other reasons, the effort to acquire by negotiation would involve, in the judgment of the President, such delay in acquiring the property as to be contrary to the interest of national defense. In any condemnation

proceeding instituted pursuant to this section, the court shall not order the party in possession to surrender possession in advance of final judgment unless a declaration of taking has been filed, and a deposit of the amount estimated to be just compensation has been made, under the first section of the Act of February 26, 1931 (46 Stat. 1421), providing for such declarations. Unless title is in dispute, the court, upon application, shall promptly pay to the owner at least 75 percent of the amount so deposited, but such payment shall be made without prejudice to any party to the proceeding. Property acquired under this section may be occupied, used, and improved for the purposes of this section prior to the approval of title by the Attorney General as required by section 355 of the Revised Statutes, as amended. Prior to the acquisition of any real property, or interest therein, under the provisions of this section, for the use of the Department of the Army, the Department of the Navy, or the Department of the Air Force, the Administrator, Director, or head of the agency designated by the President to administer the provisions of this section shall come into agreement with the Committees on Armed Services of the Senate and of the House of Representatives with respect to the terms of such prospective acquisitions.'

"(3) By striking out 'requisitioned' in the presently designated subsection (c), and inserting in lieu thereof 'acquired.'

"(4) By redesignating subsections (b) and (c) as subsections (c) and (d), respectively.

"EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

"SEC. 103. (a) Section 303 of such act is amended to read as follows:

"'Sec. 303. (a) To assist in carrying out the objectives of this act, the President may make provision (1) for purchases of or commitments to purchase metals, minerals, and other materials, for Government use or resale; and (2) for the encouragement of exploration, development, and mining of critical and strategic minerals and metals: *Provided, however,* That purchases for resale under this subsection shall not include that part of the supply of an agricultural commodity which is domestically produced except insofar as such domestically produced supply may be purchased for resale for industrial uses or stockpiling, and no commodity purchased under this subsection shall be sold at less than the established ceiling price for such commodity, or, if no ceiling price has been established, the higher of the following: (i) the current domestic market price for such commodity, or (ii) the minimum sale price established for agricultural commodities owned or controlled by the Commodity Credit Corporation as provided in section 407 of Public Law 439, Eighty-first Congress: *Provided further, however,* That no purchase or commitment to purchase any agricultural commodity shall be made calling for delivery more than 1 year after the expiration of this act.

"(b) Subject to the limitations in subsection (a), purchases and commitments to purchase and sales under such subsection may be made without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, as the President deems necessary, except that purchases or commitments to purchase involving higher than established ceiling prices (or if there be no established ceiling prices, currently prevailing market prices) or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

"(c) If the President finds—

"(1) that under generally fair and equitable ceiling prices for any material, there will result a decrease in supplies from high-cost sources of such material, and that the continuation of such supplies is necessary to carry out the objectives of the act; or

"(2) that an increase in cost of production, distribution, or transportation is temporary in character and threatens to impair maximum production or supply in any area at stable prices of any materials,

he may make provision for subsidy payments on any domestically produced material other than an agricultural commodity in such amounts and in such manner (including purchases of such material and its resale at a loss without regard to the limitations of existing law), and on such terms and conditions, as he determines to be necessary to insure that supplies from such high-cost sources or processors are continued, or that maximum production or supply in such area at stable prices of such materials is maintained, as the case may be.

"(d) The procurement power granted to the President by this section shall include the power to transport and store and have processed and refined, any materials procured under this section.

"(e) When in his judgment it will aid the national defense, the President is authorized to install additional equipment, facilities, processes, or improvements to plants, factories, and other industrial facilities owned by the United States Government, and to install Government-owned equipment in plants, factories, and other industrial facilities owned by private persons.'

"(b) The presently designated subsection (b) of section 304 of the Defense Production Act of 1950 is amended by striking out the proviso in the first sentence and inserting in lieu thereof the following: '*Provided*, That the amount borrowed under the provisions of this section by all such borrowers shall not exceed an aggregate of \$2,100,000,000 outstanding at any one time: *Provided further*, That when any contract, agreement, loan, or other transaction heretofore or hereafter entered into pursuant to section 302 or 303 imposes contingent liability upon the United States, such liability shall be considered for the purposes of sections 3679 and 3732 of the Revised Statutes, as amended, as an obligation only to the extent of the probable ultimate net cost to the United States under such transaction; and the President shall submit a report to the Congress not less often than once each quarter setting forth the gross amount of each such transaction entered into by any agency of the United States Government under this authority and the basis for determining the probable ultimate net cost to the United States thereunder.'

"(c) Section 304 of the Defense Production Act of 1950 is further amended by striking out subsection (c).

"PRICE AND WAGE STABILIZATION

"SEC. 104. (I) In the third sentence, following the colon, the word 'and' is inserted in place of the comma appearing after the word 'fluctuations' and all of the language succeeding the word 'transportation' is deleted.

"(II) After the third sentence as thus amended, insert the following additional sentence: 'In determining and adjusting such ceiling prices, the President may also consider general increases or decreases in profits earned subsequent to June 24, 1950, by sellers of a material or persons performing a service: *Provided*, That no decrease of ceiling prices shall be effected and no increase of ceiling prices denied on the sole basis of the comparative profits earned by sellers of a material or persons performing a service prior to and subsequent to June 24, 1950: *And provided further*, That no adjustment of ceiling prices for any material or

service shall be denied upon the sole basis of the profits earned by the same seller from sales of other materials or services."

"(b) Paragraph (3) of subsection (d) of section 402 of the Defense Production Act of 1950 is amended by inserting after the third sentence thereof the following new sentence: "No ceiling shall be established or maintained for any agricultural commodity below 90 per centum of the price received (by grade) by producers on May 19, 1951, as determined by the Secretary of Agriculture."

"(c) The second sentence of paragraph (3) of subsection (d) of section 402 of the Defense Production Act of 1950 is amended by striking out the period at the end thereof and inserting in lieu thereof the following: "; and equitable treatment shall be accorded to all such processors."

"(d) The fifth sentence of paragraph (3) of subsection (d) of section 402 of the Defense Production Act of 1950 is amended by striking out 'used for distribution as fluid milk'; by striking out 'parity prices for such milk' and inserting in lieu thereof 'parity prices for milk'; by striking out 'such fluid milk' and inserting in lieu thereof 'milk'; and by striking out 'for fluid milk' and inserting in lieu thereof 'for milk'."

"(e) Subsection (e) of section 402 of the Defense Production Act of 1950 is amended by striking out 'Rates or fees charged for professional services' in paragraph (ii) and inserting in lieu thereof 'Rates or fees charged for professional services, or wages, salaries, or other compensation paid for professional services'."

"(f) Subsection (e) of section 402 of the Defense Production Act of 1950 is hereby amended by adding at the end thereof the following new paragraph:

"(vii) Prices charged and wages paid for services performed by barbers and beauticians."

"(g) Section 402 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new subsection:

"(j) Where the sale or delivery of a material or service makes the person selling or delivering it liable for a State or local gross receipts tax or gross income tax, he may receive for the material or service involved, in addition to the ceiling price, (1) an amount equal to the amount of all such State and local taxes for which the transaction makes him liable, or (2) 1 cent, whichever is greater. For the purposes of the preceding sentence, the amount of tax liability shall be computed on shipping units at the ceiling price, and a fractional part of a cent in the amount of tax liability shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to 1 cent."

"(h) Section 402 of the Defense Production Act is amended by adding at the end thereof the following paragraphs:

"(j) No rule, regulation, order, or amendment thereto shall be issued under this title, which shall deny to a seller of a material at retail or wholesale his customary percentage margin over his cost of the material during the period May 24, 1950, to June 24, 1950, or on such other nearest representative date determined under section 402 (c), except as to any one specific item of a line of material sold by such seller which is in short supply as evidenced by specific Government action to encourage production of the item in question. No such exception shall reduce such customary margin of sellers at retail or wholesale beyond the amount found by the President, in writing, to be generally equitable and proportionate in relation to the general reductions in the customary margins of all other classes of persons concerned in the production and distribution of the excepted item of material."

"Prior to making any finding that a specific item of material shall be so excepted, or as to the amount of the reductions in customary margins to be imposed upon retail

and wholesale sellers of such item, the President shall consult with representatives of the affected retail and wholesale sellers concerning the basis for and the amount of the exception which is proposed with respect to any such item."

"For purposes of this section a person is a "seller of a material at retail or wholesale" to the extent that such person purchases and resells an item of material without substantially altering its form; or to the extent that such person sells to ultimate consumers except (1) to Government and institutional consumers and (2) to consumers who purchase for consumption in the course of trade or business."

"(i) Section 404 of the Defense Production Act of 1950 is amended to read as follows:

"Sec. 404. In carrying out the provisions of this title, the President shall advise and consult with, and establish and utilize committees of, representatives of persons substantially affected by regulations or orders issued hereunder, including representatives of businessmen, farmers, workers, and consumers, and, so far as practicable, in carrying out the purposes of this title shall give due weight to their recommendations."

"(j) Subsection (a) of section 405 of the Defense Production Act of 1950 is amended by adding at the end thereof the following:

"The President shall also prescribe the extent to which any payment made, either in money or property, by any person in violation of any such regulation, order, or requirement shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any such person for the purposes of any other law or regulation, including bases in determining gain for tax purposes."

"(k) Subsection (a) of section 409 of the Defense Production Act of 1950 is amended to read as follows:

"(a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 405 of this title, he may make application to any district court of the United States or any United States court of any Territory or other place subject to the jurisdiction of the United States for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order, with or without such injunction or restraining order, shall be granted without bond."

"(l) The second sentence of subsection (c) of section 409 of the Defense Production Act of 1950 is amended by striking out the words 'but in no event shall such amount exceed the amount of the overcharge, or the overcharges, plus \$10,000,'"

"(m) Section 409 of the Defense Production Act of 1950 is further amended by adding at the end thereof the following new subsections:

"(d) The President shall also prescribe the extent to which any payment made by way of fine pursuant to subsection (b) of this section 409, or any payment made to the United States or to any buyer in compromise or satisfaction of any liability or of any right of action, suit, or judgment, authorized pursuant to subsection (c) of this section 409 for selling any material or service, in violation of a regulation or order providing a ceiling or ceilings, shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any such person for the purposes of any other law or regulation."

"(e) The term "court of competent jurisdiction" as used in this section shall mean

any Federal court of competent jurisdiction regardless of the amount in controversy and any State or Territorial court of competent jurisdiction."

"(n) Section 402 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new subsection:

"(j) In establishing or maintaining maximum prices under this act or otherwise in the case of collect-on-delivery sales of any commodity where under established practices of the seller a uniform charge is added to the price to cover mailing costs, an increase in maximum prices shall be allowed equivalent to any increase in such costs heretofore or hereafter resulting from increased postal rates or charges."

"(o) Paragraph (v) of subsection (e) of section 402 of the Defense Production Act of 1950 is amended by adding after the words 'rates charged by any common carrier or other public utility' the words 'whose proposed increase in any rate or charge is subject to control by a Federal, State, municipal, or other public regulatory authority, exercising jurisdiction to approve or disapprove proposed increases in such rates or charges,'"

"(p) The fourth sentence of paragraph (3) of subsection (d) of section 402 of the Defense Production Act of 1950 is amended to read as follows: "Nothing contained in this act shall be construed to modify, repeal, supersede, or affect the provisions of either (1) the Agricultural Act of 1949, or (2) the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of the Agricultural Marketing Agreement Act of 1937, as amended."

"Sec. 105. (a) Section 403 of the Defense Production Act of 1950 is hereby amended by changing the period at the end of the first sentence to a colon and adding the following: "Provided, however, That the President shall administer any controls over the wages or salaries of employees subject to the provisions of the Railway Labor Act, as amended, through a separate board or panel having jurisdiction only over such employees."

"(b) Section 502 of the Defense Production Act of 1950 is amended by changing the period at the end of the last sentence thereof to a colon and adding the following: "Provided, however, That in any dispute between employees and carriers subject to the Railway Labor Act, as amended, the procedures of such act shall be followed for the purpose of bringing about a settlement of such dispute. Any agency provided for by such act, including any panel or panel board established by the President for the adjustment of disputes arising under the Railway Labor Act, as a prerequisite to effecting or recommending a settlement of such dispute, shall make a specific finding and certification that the changes proposed by such settlement or recommended settlement, are consistent with such standards as may then be in effect, established by or pursuant to law, for the purpose of controlling inflationary tendencies: Provided further, That in any non-disputed wage or salary adjustments proposed as a result of voluntary agreement through collective bargaining, mediation, or otherwise, the same finding and certification of consistency with existing stabilization policy shall be made by the separate panel, chairman thereof, or boards as established and authorized by the President. Where such finding and certification are made by such agency, panel, chairman thereof, or boards, they shall after approval by the Economic Stabilization Administrator be conclusive and it shall then be lawful for the employees and carriers, by agreement, to put into effect the changes proposed by the settlement, recommended settlement, or volun-

tary proposal with respect to which such findings and certification were made.'

"(c) The second sentence of section 503 of the Defense Production Act of 1950 is hereby amended to read as follows: 'No action inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, other Federal labor standards statutes, the Labor Management Relations Act, 1947, the Railway Labor Act, as amended, or with other applicable laws shall be taken under this title.'

"CONTROL OF CREDIT

"SEC. 106. (a) Section 601 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new paragraph:

"In the exercise of its authority under this section, the Board shall not (1) require a down payment of more than one-third or fix a maximum maturity of less than 21 months in connection with instalment credit extended for the purchase of a new automobile, or (2) require a down payment of more than one-fourth or fix a maximum maturity of less than 21 months in connection with instalment credit extended for the purchase of a used automobile, or (3) require a down payment of more than 15 percent or fix a maximum maturity of less than 18 months in connection with instalment credit extended for the purchase of any household appliance (including phonographs and radios and television sets), or (4) require a down payment of more than 10 percent or fix a maximum maturity of less than 21 months in connection with instalment credit extended for the purchase of household furniture and floor coverings (the down payments required by the Board in the exercise of its authority under paragraphs (1), (2), (3), and (4) may be made in cash, or by trade-in or exchange of property, or by a combination of cash and trade-in or exchange of property), or (5) require a down payment of more than 10 percent or fix a maximum maturity of less than 36 months in connection with instalment credit extended for residential repairs, alterations, or improvements or require any down payment on roofing or siding repairs, alterations or improvements in advance of completion thereof. The Board shall recognize freight costs on automobiles and make due allowance by further extending maximum maturities in connection with instalment credits extended for the purchase of automobiles so as to equalize as nearly as practicable monthly payments throughout the United States.'

"(b) Subsection (a) of section 602 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new sentence: 'No regulation issued under this section shall prescribe a minimum down payment of more than 10 percent, or a maximum maturity of less than 25 years, in connection with the purchase of any home where the purchase price does not exceed \$10,000.'

"(c) Section 603 of the Defense Production Act of 1950 is amended to read as follows:

"SEC. 603. Any person who willfully violates any provision of section 601, 602, or 605, or any regulation or order issued thereunder, upon conviction thereof, shall be fined not more than \$5,000 or imprisoned not more than 1 year, or both.'

"(d) Section 605 of the Defense Production Act of 1950 is amended (1) by striking out the period and inserting in lieu thereof the following: 'And provided further, That no more than 6 percent down payment shall be required in connection with the loan on any home guaranteed by the Veterans' Administration pursuant to the Servicemen's Readjustment Act of 1944, as amended, and the cost of which home does not exceed \$12,000.', and (2) by adding at the end thereof the following sentences: 'Subject to the provision of this section with respect to

preserving the relative credit preferences accorded to veterans under existing law, the President may require lenders or borrowers and their successors and assigns to comply with reasonable conditions and requirements, in addition to those provided by other laws, in connection with any loan of a type which has been the subject of action by the President under this section. Such conditions and requirements may vary for classifications of persons or transactions as the President may prescribe, and failure to comply therewith shall constitute a violation of this section.'

"GENERAL PROVISIONS

"SEC. 107. The table of contents of the Defense Production Act of 1950 is amended by striking out 'Authority to requisition' and inserting in lieu thereof 'Authority to requisition and condemn'.

"SEC. 108. (a) Section 701 (b) (ii) of the Defense Production Act of 1950 is hereby amended to read as follows:

"(ii) Such business advisory committees shall be appointed as shall be appropriate for purposes of consultation in the formulation of rules, regulations, or orders, or amendments thereto issued under authority of this act, and in their formation there shall be fair representation for independent small, for medium, and for large business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry.'

"(b) Subsection (c) of section 701 of the Defense Production Act of 1950 is amended by striking out 'and having due regard to the needs of new businesses' and inserting in lieu thereof the following: 'and having due regard to the current competitive position of established business: *Provided*, That the limitations and restrictions imposed on the production of specific items shall not exclude new concerns from a fair and reasonable share of total authorized production.'

"SEC. 109 (a) Subsection (a) of section 703 of the Defense Production Act of 1950 is amended by striking out the second sentence and inserting in lieu thereof the following sentence: 'The President is authorized to appoint heads and assistant heads of any such new agencies, and other officials therein of comparable status, and to fix their compensation, without regard to the Classification Act of 1949, as amended, the head of one such agency to be paid at a rate comparable to the compensation paid to the heads of executive departments of the Government, and other such heads, assistant heads, and officials at rates comparable to the compensation paid to the heads and assistant heads of independent agencies of the Government.'

"(b) Section 704 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new sentence: 'No rule, regulation, or order issued under this act which restricts the use of natural gas (either directly, or by restricting the use of facilities for the consumption of natural gas, or in any other manner) shall apply in any State in which a public regulatory agency has authority to restrict the use of natural gas and certifies to the President that it is exercising that authority to the extent necessary to accomplish the objectives of this act.'

"(c) (1) Subsection (a) of section 705 of the Defense Production Act of 1950 is amended by inserting after 'take the sworn testimony of,' the following: 'and administer oaths and affirmations to.'

"(2) Section 705 of the Defense Production Act of 1950 is further amended by redesignating subsections (d) and (e) as subsections (e) and (f), respectively, and by inserting the following new subsection:

"(d) Whenever the President deems such action to be in the interest of the national

defense, he may, while this act is in effect, dispense with any of the statistical work in which any executive department or establishment, by another provision of law, is directed to engage.'

"(d) Subsection (a) of section 706 of the Defense Production Act of 1950 is amended by striking out the last eight words thereof and inserting in lieu thereof the following: 'or other order, with or without such injunction or restraining order, shall be granted without bond'.

"(e) Subsection (b) of section 706 of the Defense Production Act of 1950 is amended by striking out the first two sentences and inserting in lieu thereof the following sentences: 'Except as otherwise provided in this Act, the district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have exclusive jurisdiction of violations of this act or any rule, regulation, order, or subpoena thereunder, and of all civil actions under this act to enforce any liability or duty created by, or to enjoin any violation of, this act or any rule, regulation, order or subpoena thereunder, regardless of the amount in controversy. Any criminal proceeding on account of any such violation may be brought in any district in which any act, failure to act, or transaction constituting the violation occurred.'

"(f) Section 710 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new subsection:

"(f) The President, when he deems such action necessary, may make provision for the printing and distribution of reports, in such number and in such manner as he deems appropriate, concerning the actions taken to carry out the objectives of this act.'

"SEC. 110. (a) Title VII of the Defense Production Act of 1950 is amended by adding after section 713 the following new section:

"SEC. 714. (a) (1) It is the sense of the Congress that small-business concerns be encouraged to make the greatest possible contribution toward achieving the objectives of this act. In order to carry out this policy there is hereby created a body corporate under the name "Small Defense Plants Corporation" (hereinafter referred to as the Corporation), which Corporation shall be under the general direction and supervision of the President and shall not be affiliated with or be within any other agency or department of the Federal Government. The principal office of the Corporation shall be located in the District of Columbia, but the Corporation may establish such branch offices in other places in the United States as may be determined by the Administrator of the Corporation.

"(2) The Corporation is authorized to obtain money from the Treasury of the United States, for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of \$50,000,000 outstanding at any one time. For this purpose appropriations not to exceed \$50,000,000 are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Corporation from the revolving fund when requested by the Corporation.

"(3) The management of the Corporation shall be vested in an Administrator who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be a person of outstanding qualifications known to be familiar and sympathetic with small-business needs and problems. The Administrator shall receive compensation at the rate of \$17,500 per annum. The Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator. The Administrator is authorized to appoint two Deputy Administrators to assist in the execution of the functions vested in the Cor-

poration. Deputy Administrators shall be paid at the rate of \$15,000 per annum.

"(4) The Corporation shall not have succession, beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to an act of Congress. It shall have power to adopt, alter, and use a corporate seal, which shall be judicially noticed; to make contracts; to lease such real estate as may be necessary for the transaction of its business; to sue and be sued, to complain and to defend, in any court of competent jurisdiction, State or Federal; to select and employ such officers, employees, attorneys, and agents as shall be necessary for the transaction of business of the Corporation; to define their authority and duties, require bonds of them, and fix the penalties thereof; and to prescribe, amend, and repeal, by its Administrator, bylaws, rules, and regulations governing the manner in which its general business may be conducted and the powers granted to it by law may be exercised and enjoyed. The Administration shall determine and prescribe the manner in which the Corporation's obligations shall be incurred and its expenses allowed and paid. The Corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. The Corporation, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself of the use of information, services, facilities, including any field service thereof, officers, and employees thereof in carrying out the provisions of this section.

"(5) All moneys of the Corporation not otherwise employed may be deposited with the Treasurer of the United States subject to check by authority of the Corporation or in any Federal Reserve bank. The Federal Reserve banks are authorized and directed to act as depositories, custodians, and fiscal agents for the Corporation in the general performance of its powers conferred by this section. All insured banks, when designated by the Secretary of the Treasury, shall act as depositories, custodians, and financial agents for the Corporation.

"(b) (1) The Corporation is empowered—

"(A) to recommend to the Reconstruction Finance Corporation loans or advances, on such terms and conditions and with such maturities as it may determine, to enable small-business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to finance research, development, and experimental work or new or improved products or processes; or to supply such concerns with capital to be used in the manufacture of articles, equipment, supplies, or materials for defense or essential civilian purposes; or to establish and operate technical laboratories to serve small-business concerns; such loans or advances to be made or effected either directly by the Reconstruction Finance Corporation or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise;

"(B) to purchase or lease such land; to purchase, lease, build, or expand such plants; and to purchase or produce such equipment, facilities, machinery, materials, or supplies, as may be needed to enable the Corporation to provide small-business concerns with such land, plants, equipment, facilities, machinery, materials, or supplies as such concerns may require to engage in the production of such articles, equipment, supplies, or materials;

"(C) to lease, sell, or otherwise dispose of to any small-business concern any such land, plants, equipment, facilities, machinery, materials, or supplies;

"(D) to enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating the Corporation to furnish articles, equipment, supplies, or materials to the Government;

"(E) to arrange for the performance of such contracts by letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Corporation to perform such contracts; and

"(F) to provide technical and managerial aids to small-business concerns conducting and stimulating technical research, by maintaining a clearing house for technical information, by cooperating with other Government agencies, by disseminating information, and by such other activities as are deemed appropriate by the Corporation.

"(2) In any case in which the Corporation certifies to any officer of the Government having procurement powers that the Corporation is competent to perform any specific Government procurement contract to be let by any such officer, such officer shall be required to let such procurement contract to the Corporation upon such terms and conditions as may be specified by the Corporation. Such subcontracts may be let upon such terms and conditions as the Corporation may deem appropriate in accordance with such regulations as may be prescribed under section 201 of the First War Powers Act, 1941, as amended.

"(c) (1) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Corporation, or for the purpose of obtaining money, property, or anything of value, under this section, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than 2 years, or both.

"(2) Whoever, being connected in any capacity with the Corporation, (A) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it; or (B) with intent to defraud the Corporation or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Corporation, makes any false entry in any book, report, or statement of or to the Corporation, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof; or (C) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Corporation; or (D) gives any unauthorized information concerning any future action or plan of the Corporation which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Corporation, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than 5 years, or both.

"(d) Whenever the Corporation has completed any transaction under clause (B), or (C) of subsection (b) (1) of this section, it may transfer the plant, equipment, facilities, machinery, materials, supplies, leases, or other property resulting from such transac-

tion to the Reconstruction Finance Corporation, and the Reconstruction Finance Corporation shall service and administer such property, as the agent of the Corporation, remitting to it any interest, principal, or other proceeds or collections, after deducting actual expense of service and administration.

"(e) (1) It shall be the duty of the Corporation, and it is hereby empowered, to coordinate and to determine the means by which the productive capacity of small-business concerns can be most effectively utilized for national defense and essential civilian production.

"(2) It shall be the duty of the Corporation, and it is hereby empowered, to consult and cooperate with appropriate governmental agencies in the issuance of all orders limiting production by business enterprises, in order that small-business concerns will be most effectively utilized in the production of articles, equipment, supplies, and materials for national defense and essential civilian purposes.

"(3) All governmental agencies are required, before issuing orders limiting production by or granting priorities to business enterprises, to consult and cooperate with the Corporation in order that small-business concerns will be most effectively utilized in the production of articles, equipment, supplies, and materials for national defense and essential civilian purposes.

"(f) The Corporation shall have the power, and it is hereby directed, whenever it determines such action is necessary—

"(1) to make a complete inventory of all productive facilities of small-business concerns which can be used for defense and essential civilian production or to arrange for such inventory to be made by any other governmental agency which has the facilities: *Provided*, That in making such inventory the appropriate agencies in the several States shall be requested to furnish an inventory of the productive facilities of small-business concerns in each respective State, if such an inventory is available or in prospect;

"(2) to consult and cooperate with officers of the Government having procurement powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

"(3) to obtain detailed information as to the methods and terms which Government prime contractors utilize in letting subcontracts and to take action to insure the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

"(4) to take such action in the letting of Government procurement contracts as is necessary to provide small-business concerns with an adequate incentive to engage in defense and essential civilian production and to facilitate the conversion and the equipping of plants of small-business concerns for such production;

"(5) to certify to the Reconstruction Finance Corporation, or any of its subsidiaries, the amount of funds required to convert to defense production any plant of a small-business concern interested in obtaining from the Reconstruction Finance Corporation, or any of its subsidiaries, the funds necessary to provide for such conversion;

"(6) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises, which are to be designated "small-business concerns" for the purpose of effectuating the provisions of this section;

"(7) to certify to Government procurement officers with respect to the competency, as to capacity and credit, of any small-business concern or group of such concerns to perform a specific Government procurement contract;

"(8) to obtain from any Federal department, establishment, or agency engaged in defense procurement or in the financing of

defense procurement or production such reports concerning the letting of contracts and subcontracts and making of loans to business concerns as it may deem pertinent in carrying out its functions under this section;

"(9) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply whenever it appears that any small business is unable to obtain materials for defense or essential civilian production from its normal sources;

"(10) to make studies and recommendations to the appropriate Federal agencies to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns to effectuate the defense program or for essential civilian purposes;

"(11) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from said agencies; and

"(12) to establish such advisory boards and committees wholly representative of small business as may be found necessary to achieve the purposes of this section.

"(g) (1) In any case in which a small-business concern or group of such concerns has been certified by or under the authority of the Corporation to be a competent Government contractor with respect to capacity and credit as to a specific Government procurement contract, the officers of the Government having procurement powers are directed to accept such certification as conclusive, and are authorized to let such Government procurement contract to such concern or group of concerns without requiring it to meet any other requirement with respect to capacity and credit.

"(2) The Congress has as its policy that a fair proportion of the total purchases and contracts for supplies and services for the Government shall be placed with small-business concerns. To effectuate such policy small-business concerns within the meaning of this section shall receive any award or contract or any part thereof if it is determined by the Corporation and the contracting procurement agencies (A) to be in the interest of mobilizing the Nation's full productive capacity, or (B) to be in the interest of the national defense program.

"(3) No certificate of necessity, afforded under section 124A (e) of the Internal Revenue Code shall be granted a prime or subcontractor for the construction, reconstruction, erection, installation, or acquisition of a facility for the production of any material when productive facilities are available which can reasonably meet the same need.

"(4) Whenever materials or supplies are allocated by law, a fair and equitable percentage thereof shall be made available to the Corporation, to be allocated by it to small plants unable to obtain the necessary materials or supplies from usual sources. Such percentage shall be determined by the head of the lawful allocating authority after giving full consideration to the claims presented by the Corporation.

"(h) The Corporation shall make a report every 90 days of operations under this section to the President, the President of the Senate, and the Speaker of the House of Representatives. Such report shall include the names of the business concerns to whom contracts are let, and for whom financing is arranged by the Corporation, together with the amounts involved, and such report shall include such other information, and such comments and recommendations, with respect to the relation of small-business concerns to the defense effort, as the Corporation may deem appropriate.

"(i) The Corporation is hereby empowered to make studies of the effect of price, credit, and other controls imposed under the defense program and, whenever it finds that these controls discriminate against or impose

undue hardship upon small business, to make recommendations to the appropriate Federal agency for the adjustment of controls to the needs of small business.

"(j) The Reconstruction Finance Corporation is authorized to make loans and advances upon the recommendation of the Small Defense Plants Corporation as provided in (b) (1) (A) of this section, not to exceed an aggregate of \$100,000,000 outstanding at any one time, on such terms and conditions and with such maturities as Reconstruction Finance Corporation may determine.

"(k) Section 101 of the Government Corporation Control Act is amended by inserting immediately after "Commodity Credit Corporation;" the following: "Small Defense Plants Corporation;"

"(l) There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this section."

"(b) The presently designated sections 714, 715, and 716 of the Defense Production Act of 1950 are redesignated as sections 715, 716, and 717, respectively.

"Sec. 111. The presently designated section 716 of the Defense Production Act of 1950 is amended by striking out subsections (a) and (b), by redesignating subsections (c) and (d) as subsections (b) and (c), respectively, and by inserting the following new subsection:

"(a) This act and all authority conferred thereunder shall terminate at the close of June 30, 1952."

"TITLE II—AMENDMENTS TO THE HOUSING AND RENT ACT OF 1947

"Sec. 201. Section 204 (f) of the Housing and Rent Act of 1947, as amended, is amended by striking out 'July 31, 1951' and inserting in lieu thereof 'June 30, 1952.'

"Sec. 202. (a) The Housing and Rent Act of 1947, as amended, is amended by striking out 'Housing Expediter' wherever it appears therein and inserting in lieu thereof 'President.'

"(b) Section 204 (a) of the Housing and Rent Act of 1947, as amended, is repealed.

"(c) Section 206 (e) of the Housing and Rent Act of 1947, as amended, is amended by striking out 'The principal office of the Housing Expediter shall be in the District of Columbia, but he or any duly authorized representative may exercise any or all of his powers in any place and attorneys' and inserting in lieu thereof 'Attorneys.'

"(d) Section 208 of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

"Sec. 208. The President shall administer the powers, duties, and functions conferred upon him by title II of this act through the new independent agency created pursuant to section 403 of the Defense Production Act of 1950; and he shall administer the powers, duties, and functions conferred upon him by title I of this act through such officer or agency of the Government as he may designate. In accordance with the action taken by him pursuant to the preceding sentence, the President shall provide for appropriate transfers of records, property, necessary personnel, and unexpended balances of appropriations, allocations, and other funds heretofore under the jurisdiction of, or available to, the Office of the Housing Expediter. Any employees of the Office of Housing Expediter not so transferred shall, unless transferred to other positions in the Government, be separated from the service. The President shall make such provisions as he shall deem appropriate for the termination and liquidation of the affairs of the Office of the Housing Expediter. For the purposes of determining the status of employees transferred to the agency administering functions provided for in this act, and in the Defense Production Act of 1950, as amended, they shall be deemed to

be transferred in connection with a transfer of functions."

"Sec. 203. Section 204 of the Housing and Rent Act of 1947, as amended, is amended by adding at the end thereof the following:

"(k) Notwithstanding any other provision of this act, the President shall by regulation or order establish such maximum rent or maximum rents as in his judgment will be fair and equitable for any housing accommodations (1) in any State which by law declares that there exists such a shortage in rental housing accommodations as to require Federal rent control in such State, or (2) in any incorporated city, town, village, or in the unincorporated area of any county (other than a city, town, village, or unincorporated area of any county within a State which is controlling rents) upon receipt of a resolution of its governing body adopted for that purpose in accordance with applicable local law and based upon a finding by such governing body, reached as a result of a public hearing held after 10 days' notice, that there exists such a shortage in rental housing accommodations as to require Federal rent control in such city, town, village, or unincorporated area in such county. In establishing any maximum rent for any housing accommodations under this subsection the President shall give due consideration to the rents prevailing for such housing accommodations or comparable housing accommodations during the period from May 24, 1950, to June 24, 1950, and he shall make adjustment for such relevant factors as he shall deem to be of general applicability in respect to such accommodations including increases or decreases in property taxes and other costs within such area.

"(l) Notwithstanding any other provision of this act, whenever the Secretary of Defense and the Director of Defense Mobilization, acting jointly, shall determine and certify to the President that any defense-rental area (whether then or ever controlled or decontrolled under this act or under State or local law) is a critical defense housing area, the President shall by regulation or order establish such maximum rent or maximum rents for any housing accommodations, not then subject to rent control, in such area or portion thereof as in his judgment will be fair and equitable. Notwithstanding the provisions of section 202 (c) the term "controlled housing accommodations" as applied to any such critical defense housing area shall include all housing accommodations in the area, without exception. In establishing any maximum rent for any housing accommodations under this subsection, the President shall give due consideration to the rents prevailing at the time rent control is established, and he shall make adjustment for such relevant factors as he shall determine and deems to be of general applicability in respect to such accommodations, including increases or decreases in property taxes and other costs within such defense-rental areas. Maximum rents in any critical defense housing area shall be terminated at such time as the Secretary of Defense and the Director of Defense Mobilization, acting jointly, shall determine and certify to the President that such area is no longer a critical defense housing area, or as provided in subsection (e) or (j) of this section: *Provided, however,* That in any area where maximum rents are removed under the procedures provided in subsection (e) or (j) of this section, maximum rents may be reestablished after the expiration of 30 days on the determination and certification of the Secretary of Defense and the Director of Defense Mobilization, acting jointly. No area shall be certified as a critical defense housing area under the authority granted in this subsection unless all the following conditions exist in such area:

"(A) a new defense plant or installation has been or is to be provided, or an existing

defense plant or installation has been or is to be reactivated or its operation substantially expanded;

"(B) substantial in-migration of defense workers or military personnel is required to carry out activities at such plant or installation; and

"(C) a substantial shortage of housing required for such defense workers or military personnel exists or impedes which has resulted or threatens to result in excessive rent increases and which impedes or threatens to impede activities of such defense plant or installation. If any locality which has been decontrolled as a result of action by its local governing body under paragraph (3) of subsection (j) of this section is included in an area certified under this subsection as a critical defense housing area, the President shall promptly notify the local governing body of that fact, and shall not establish any maximum rent for any housing accommodation in the locality until 60 days have elapsed after the date on which such notice is given. If, within such 60-day period, the local governing body adopts a resolution in accordance with applicable local law and based upon a finding by it reached as the result of a public hearing held after 10 days' notice, that any of the conditions listed in paragraphs (A), (B), and (C) of this subsection does not exist in the locality, the certification involved shall have no effect with respect to the locality for the purposes of this subsection and subsection (m) of this section. The preceding two sentences shall not apply with respect to any housing accommodation occupied by, or by the family of, a member of the Armed Forces who is stationed at an Armed Forces installation in or adjacent to the locality.

"(m) Whenever an area has been certified under subsection (l) to be a critical defense housing area, real-estate construction credit controls imposed under title VI of the Defense Production Act of 1950 shall be suspended with respect to new housing construction in such area, the cost of which does not exceed—

"(A) \$9,000 for single-family dwellings or \$16,500 for two-family dwellings, constructed for sale or rent, except that these amounts may be increased to not to exceed \$10,000 or \$17,500, respectively, in any geographical area where the President finds that cost levels so require: *Provided*, That if the President finds that it is not feasible within the aforesaid dollar-amount limitations to construct dwellings containing three or four bedrooms per family unit without sacrifice of sound standards of construction, design, and livability, he may increase such dollar-amount limitations by not exceeding \$1,200 for each additional bedroom (as defined by the President) in excess of two contained in each family unit if he finds that such unit meets sound standards of livability as a three-bedroom or a four-bedroom unit, as the case may be.

"(B) \$9,000 per family unit (or \$8,000 per family unit if the number of rooms in a multifamily rental property or project does not equal or exceed four per family unit) for such part of such property or project as may be attributable to dwelling use: *Provided*, That the President may by regulation increase such dollar amount limitations by not exceeding \$1,000 in any geographical area where he finds that cost levels so require. In any such critical defense housing area where maximum rents are removed under procedure provided in subsection (e), (j), or (l) of this section the suspension of credit controls provided for in this subsection shall terminate immediately. The fact that any area has been certified as a "critical defense housing area" under subsection (l) shall not make such area ineligible for the location

of additional defense plants, facilities, or installations, or as a source of additional military procurement of any sort.

"(n) Notwithstanding any other provisions of this act, in order to compensate for increases in costs and prices which have occurred, the maximum rent in effect on the date of enactment of this subsection for any housing accommodation shall, upon sworn application, be increased to 120 percent of the following: The maximum rent for the housing accommodation (or a comparable housing accommodation) in effect on June 30, 1947, plus the amount of any increase allowed or allowable under this act for major capital improvements or for increases in living space, services, furniture, furnishings, or equipment, and minus any decrease required or requirable under this act for decreases in living space, services, furniture, furnishings, or equipment, or for substantial deterioration or failure to perform ordinary repair, replacement, or maintenance. Any increase in a maximum rent applied for under this subsection which is based upon the maximum rent in effect on June 30, 1947, for the particular housing accommodation and upon increases and decreases actually allowed under this act shall be effective upon the filing of the application. Nothing in this subsection shall require the reduction of any maximum rent, nor prevent such additional adjustment for increases in costs and prices as the President may deem appropriate."

"SEC. 204. Section 205 of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

"(a) Any person who demands, accepts, receives, or retains any payment of rent in excess of the maximum rent prescribed under the provisions of this act, or any regulation, order, or requirement thereunder, shall be liable to the person from whom such payment is demanded, accepted, received, or retained (or shall be liable to the United States as hereinafter provided) for reasonable attorney's fees and costs as determined by the court, plus liquidated damages in the amounts of (1) \$50, or (2) not more than three times the amount by which the payment or payments demanded, accepted, received, or retained exceed the maximum rent which could lawfully be demanded, accepted, received, or retained, as the court in its discretion may determine, whichever in either case may be the greater amount: *Provided*, That the amount of such liquidated damages shall be the amount of the overcharge or overcharges if the defendant proves that the violation was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation.

"(b) Any person who unlawfully evicts a tenant shall be liable to the person so evicted (or shall be liable to the United States as hereinafter provided) for reasonable attorney's fees and costs as determined by the court, plus liquidated damages in the amounts of (1) 1 month's rent or \$50, whichever is greater, or (2) not more than three times such monthly rent, or \$150, whichever is greater: *Provided*, That the amount of such liquidated damages shall be the amount of 1 month's rent or \$50, whichever is greater, if the defendant proves that the violation was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation.

"(c) Suit to recover liquidated damages as provided in this section may be brought in any Federal court of competent jurisdiction regardless of the amount involved, or in any State or Territorial court of competent jurisdiction, within 1 year after the date of violation: *Provided*, That if the person from whom such payment is demanded, accepted,

received, or retained, or the person wrongfully evicted, either fails to institute an action under this section within 30 days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the United States may settle the claim arising out of the violation or within 1 year after the date of violation may institute such action. If such claim is settled or such action is instituted, the person from whom such payment is demanded, accepted, received, or retained, or the person wrongfully evicted, shall thereafter be barred from bringing an action for the same violation or violations. For the purpose of determining the amount of liquidated damages to be awarded to the plaintiff in an action brought under subsection (a) of this section, all violations alleged in an action under said subsection (a) which were committed by the defendant with respect to the plaintiff prior to the bringing of such an action shall be deemed to constitute one violation and, in such action under subsection (a) of this section, the amount demanded, accepted, received, or retained in connection with such one violation shall be deemed to be the aggregate amount demanded, accepted, received, or retained in connection with all such violations. A judgment for damages or on the merits in any action under either subsection (a) or (b) of this section shall be a bar to any recovery under the same subsection of this section in any other action against the same defendant on account of any violation with respect to the same person prior to the institution of the action in which such judgment was rendered."

"SEC. 205. Section 206 (a) of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

"(1) It shall be unlawful for any person to demand, accept, receive, or retain any rent for the use or occupancy of any controlled housing accommodations in excess of the maximum rent prescribed under this act, or otherwise to do or omit to do any act, in violation of this act, or of any regulation or order or requirement under this act, or to offer, solicit, attempt, or agree to do any of the foregoing.

"(2) It shall be unlawful for any person to evict, remove, or exclude, or cause to be evicted, removed, or excluded, any tenant from any controlled housing accommodations in any manner or upon any grounds except as authorized or permitted by the provisions of this act or any regulation, order, or requirement thereunder, and any person who lawfully gains possession from a tenant of any controlled housing accommodations, and thereafter fails fully to comply with such requirements or conditions as may have been imposed for such possession by the provisions of this act or any regulation, order, or requirement thereunder, shall also be deemed to have unlawfully evicted such tenant and shall be liable to such tenant, or to the United States, as provided in this act."

"SEC. 206. (a) The first sentence of section 202 (c) (1) (A), of the Housing and Rent Act of 1947 is amended by striking out the following: 'which is located in a city of less than 2,500,000 population according to the 1940 decennial census and.'

"(b) Section 202 (c) (1) (B) of such act is repealed.

"SEC. 207. Section 202 (d) of such act (defining defense-rental area) is amended by inserting after '204 (1) (1) or (2)' the following: ', 204 (k), or 204 (l).'

"SEC. 208. (a) The last sentence of section 4 (c) of the Housing and Rent Act of 1947, as amended, is amended by inserting after

the word 'section' the following: 'for persons engaged in defense activities and.'

"(b) Section 4 (e) of such act is amended by striking out 'July 31, 1951' and inserting in lieu thereof 'June 30, 1952.'

"(c) Section 4 of such act is amended by adding at the end thereof the following new subsection:

"(f) For the purposes of this section, any parent of a member of the Armed Forces of the United States who lost his life in the armed services of the United States since September 16, 1940, shall be considered to be a member of the family of a veteran of World War II.

"SEC. 209. Section 215 of the Independent Offices Appropriation Act, 1946 (59 Stat. 134), and section 213 of the Independent Offices Appropriation Act, 1947 (60 Stat. 81), are hereby repealed.

"SEC. 210. (a) Section 202 (a) of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

"(a) The term "person" includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: *Provided*, That no punishment provided by this act shall apply to the United States, or to any such government, political subdivision, or government agency."

"(b) Section 204 (1) of such act is amended by adding at the end thereof the following new paragraph:

"(7) The President shall establish, for each housing accommodation in the suburban resettlement project known as Greenbelt, Md., a maximum rent equal to 120 per cent of the rent in effect on January 30, 1942, plus or minus such adjustments as are provided in subsection (b) (1) of this section with respect to maximum rents established under the Emergency Price Control Act of 1942, as amended."

SEC. 211. Nothing in this act or in the Housing and Rent Act of 1947, as amended, shall be construed to require any person to offer any housing accommodations for rent."

Mr. McFARLAND. Mr. President, on behalf of the Senator from South Carolina [Mr. MAYBANK], I move that the Senate disagree to the amendment of the House, agree to the conference asked by the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. MAYBANK, Mr. ROBERTSON, Mr. SPARKMAN, Mr. FREAR, Mr. CAPEHART, Mr. BRICKER, and Mr. IVES conferees on the part of the Senate.

STATEMENT BY SENATOR WILEY ON FOREIGN RELATIONS COMMITTEE TRIP TO EUROPE

Mr. WILEY. Mr. President, this morning on returning to this country with my colleagues of the Foreign Relations Committee after a 2 weeks' trip abroad I issued a statement to the press briefly summarizing some of my own views and reactions, and I believe those of some of my associates.

We visited seven countries and received reports from six others. Personally I feel that the trip had a great deal of value, not only for the members of the committee, but also, I am sure, for the people whom we visited. They obtained a different idea of America, I believe. We visited France, England,

Spain, Greece, Turkey, Italy, and Germany, and then returned to France.

Some time later I hope to present some of my observations on visiting the various countries. At this time I ask unanimous consent to have printed in the body of the Record at this point as a part of my remarks the text of a statement which I released to the press this morning.

There being no objection, the statement was ordered to be printed in the Record, as follows:

PRESS STATEMENT BY SENATOR WILEY

My colleagues and I have just returned from a 2 weeks' visit to countries of Western Europe and the Near East. We made our trip in order to obtain first-hand information for the benefit of the American people and the members of the United States Senate who will, in a few days, begin consideration of the \$8,500,000,000 mutual security program recommended by the President.

Our travel was very rewarding in that it enabled members of our subcommittee to understand and appreciate the point of view of those countries with whom we must work so closely together in the defense of free men. I hope that other Members of the Congress will be able to travel to Europe to see the effects of American aid during the past few years and to sense, as I did, the deep appreciation of Europeans for the help we are giving them in their time of need.

One of the most encouraging things I sensed during our trip was the deep realization of the part of the people of Europe of the importance of the spiritual and moral elements in our struggle to defend the free world from totalitarian aggression. These people realize, perhaps more than do we, that communism cannot be defeated by force alone, but must be rejected in the minds of men.

In the nations we visited I found a strong determination to seek strength by collectively building up our defenses. In the building of strength, tremendous sacrifices are being made. It is hard for an American to comprehend the measure of austerity which now characterizes life in the United Kingdom. In Turkey such a large portion of the national budget goes into defense purposes that relatively little is left over for such things as roads, public health, and schools. In Greece, the people, though ravaged by war and occupation and subjected to internal subversion for a period of nearly 10 years, are firm in their determination to defend their freedom with force if that should prove necessary.

I do not want to leave the impression that all that needs to be done is being done. The western world is woefully weak. We cannot build our strength too fast. General Eisenhower and his staff are doing a magnificent job, but it is one in which we can find success only if each nation contributes according to its ability.

I am firmly convinced as a result of this visit to Europe that the European recovery program, approved by a great bipartisan majority of the Members of Congress, has been successful. In fact, I feel certain that several countries of Western Europe would have been overcome by subversive forces had we not given this aid.

In my visits with foreign officials and representatives of our Government abroad, I have sought to make crystal clear that there is a limit to the military and economic aid which the United States can give to the free world. The United States must, as is true of any other nation, think first of itself. That means that we cannot give aid to nations unwilling to help themselves in full measure. We cannot strain the resources and pocketbooks of the American taxpayers to a point where our solvency is in danger. I

believe, however, that it is in the interest of the United States to help the free world, build as quickly as possible its defensive strength against the threat of Communist aggression.

I want to commend the members of the committee and particularly the very able chairman of our subcommittee, Senator THEODORE FRANCIS GREEN, of Rhode Island, who has shown ability, endurance, and good will in the way in which he performed his duties as chairman of our committee during its travels.

THE KOREAN WAR—ADDRESS BY JAMES T. WYATT

Mr. CORDON. Mr. President, I ask unanimous consent to have printed at this point, as a part of my remarks, a radio address delivered by James T. Wyatt, of Station KOIN of Portland, Oreg., on July 10, 1951. The broadcast is a summarization of the Korean debacle from its inception to the date of the broadcast, and is a rare example of objectivity, clarity, and brevity. I commend it to the attention of my colleagues.

There being no objection, the address was ordered to be printed in the Record, as follows:

The once bold statements above liberating all Korea were no longer echoed today. The history of the Korean War is one of the strangest in American annals, and is worth a brief review.

In the first place, it was started without the consent of Congress, through the device of not calling it a war.

In its early stages, it came close to defeat for American forces, due to the defense department's complete failure to gauge the real strength of the enemy.

General MacArthur was originally ordered to stop the North Koreans with air power alone. Then Washington ordered the landing of ground troops, a move which seemed popular at the time, since it was done in the name of the United Nations—and for the stated purpose of freeing and unifying all Korea.

But it was done in defiance of the much-quoted axiomatic warning that "anyone who orders American troops to fight on the Asiatic mainland ought to have his head examined."

Then followed the grim days of retreats to the hard-pressed Pusan beachhead. There was talk at the Pentagon that Korea might have to be abandoned. The State Department started to write off Formosa also, as revealed in its instructions to diplomatic agents to stress the untruth that Formosa was of no consequence.

In these dark days, MacArthur proposed that now-famous military master stroke, the Inchon Landing.

But the Pentagon refused to support MacArthur. The Washington generals could not stomach anything so daring to snatch victory from a losing war.

MacArthur's only champion was Defense Secretary Louis Johnson, who backed Inchon. But Johnson was fired 2 days before the famous landing, and the Pentagon told MacArthur he could expect no reinforcements if Inchon failed.

It was an amazing state of affairs, with few, if any, parallels in modern military history.

The general, on the eve of his most daring bid for victory, was standing alone with his troops. The State Department was in full retreat. Johnson was fired, and the Pentagon, expecting failure, was waiting for MacArthur's head.

These facts have come slowly and gradually to light as the history of this peculiar war is written.

lands in trust for the use of the Lac Courte Oreilles Band of the Lake Superior Tribe of Chippewa Indians of Wisconsin; and H. R. 3541, declaring that the United States holds certain lands in trust for the Oglala Sioux Tribe of the Pine Ridge Reservation in South Dakota.

Also considered, but took no final action on, H. R. 4190, to authorize the presentation of claims of the Coos (or Kowes) Bay, Lower Umpqua (or Kalawatset), and Siuslaw Tribes of Indians to the Indian Claims Commission. Representative Ellsworth, author of the measure, along with Louis A. Gravelle, attorney of Washington, D. C., testified in favor of the bill, while L. A. Sigler, of the Bureau of Indian Affairs, stated that he had no objection to its enactment. Mr. Sigler was heard in support of the four bills that were approved. Adjourned subject to call of the Chair.

RAILROAD RETIREMENT

Committee on Interstate and Foreign Commerce: Postponed until August 2 executive consideration of H. R. 3669, amending the Railroad Retirement Act. The meeting had been scheduled to take place tomorrow, July 26.

Also announced that public hearing will be conducted Friday morning, July 27, by the Special Subcommittee on Newsprint.

MILITARY CLAIMS—JUDGES—COURTS

Committee on the Judiciary: Byrne Subcommittee No. 2 approved for reporting to the full committee H. R. 404, amended, extending the period of time for filing claims under the Military Personnel Claims Act of 1945, and S. 827, a private claim bill.

Held hearing on H. R. 1324, to authorize appointment of an additional United States district judge for the northern and southern district of Indiana. Testifying on this measure were Representatives Denton, Crumpacker, Madden, and Adair, along with Henry P. Chandler, Director of the Administrative Office of the U. S. Courts, and Will Shafroth, of the same Office.

Heard Representative Gossett in connection with H. R. 78 and 1988, to limit the removal of civil actions from State to Federal courts, and H. R. 1987, to amend the U. S. Code to classify foreign corporations as citizens of States where they are doing business. Mr. Gossett is author of all three bills.

Also held hearings on H. R. 773 and 1444, private bills, with miscellaneous interested witnesses testifying.

AUDUBON CENTENNIAL—DENTAL HEALTH DAY

Committee on the Judiciary: Lane Subcommittee No. 4 approved for reporting to the full committee S. 248, authorizing the President to designate 1951 as Audubon Centennial Year. Also ordered reported adversely to the full committee H. J. Res. 117, H. R. 524, and S. 336, bills which would authorize the President to proclaim the first Monday in February in each year as National Children's Dental Health Day.

CANADIAN VESSELS

Committee on Merchant Marine and Fisheries: Subcommittee on Maritime Affairs approved for reporting to the full committee H. R. 3436, amended, authorizing vessels of Canadian registry to transport grain between U. S. ports on the Great Lakes during 1951.

FEDERAL PAY INCREASE

Committee on Post Office and Civil Service: Resumed executive consideration of Federal pay increase legislation. Took no final action and recessed until Friday morning.

FLOOD CONTROL

Committee on Public Works: Davis Subcommittee on Flood Control approved for reporting to the full committee seven resolutions authorizing the Department of Agriculture to make review studies in various watersheds in Iowa, Missouri, Kansas, and Nebraska.

BALING TWINE

Committee on Ways and Means: Postponed executive consideration until tomorrow morning of H. R. 1005, to permit free importation of twine used for baling hay, straw, and other fodder and bedding materials, until tomorrow morning.

Joint Committee Meetings

APPROPRIATIONS—INTERIOR

Conferees on H. R. 3790, Interior appropriations for 1952, met in executive session to work out the differences between the House- and Senate-passed versions of the bill, but made no announcement of action taken. They meet again tomorrow.

DEFENSE PRODUCTION

Conferees, in executive session, on S. 1717, amending and extending for 1 year the Defense Production Act of 1950, reached agreements on all differences between the House- and Senate-passed versions of title I, on allocations and priorities; title II, requisitioning and condemnation powers; title III, expansion of productive capacity; title V, settlement of labor disputes; and title VII, miscellaneous provisions (except in the case of amendments on natural gas, jurisdiction of Federal Courts, and Small Defense Plants, which provisions were put over until tomorrow). Title IV, price and wage control; and title VI, credit controls, were passed over until tomorrow. Termination dates of the various sections were also temporarily passed over.

At recess, the conferees had begun consideration of the differences between the House- and Senate-passed versions of the portion of the bill on amendments to the Housing and Rent Act of 1947 (rent control).

Manly Fleischmann, Administrator of DPA, will appear before the conferees tomorrow, in executive session, on allocation provisions of Small Defense Plants.

COMMITTEE MEETINGS FOR THURSDAY,
JULY 26

(All meetings are open unless otherwise designated)

Senate

Committee on Appropriations, Subcommittee on Army Civil Functions, executive, 10:30 a. m., room F-39, Capitol.

Committee on Armed Services, executive, on calendar, 10:30 a. m., 212 Senate Office Building.

Committee on the District of Columbia, subcommittee, on S. 1822, D. C. Juvenile Court, 10 a. m., room P-38, Capitol.

Committee on Expenditures in the Executive Departments, executive, on calendar, 2 p. m., room P-36, Capitol.

Committee on Finance, on H. R. 4473, tax-revision bill, 10 a. m., 312 Senate Office Building.

Committee on Foreign Relations, on S. 1762, foreign assistance, with Secretary Acheson, 10:30 a. m., 318 Senate Office Building.

Committee on Interstate and Foreign Commerce, on air-mail subsidy bills, 10 a. m., room G-16, Capitol.

Committee on the Judiciary, Internal Security Subcommittee, on Institute of Pacific Relations, 10:30 a. m., 424 Senate Office Building.

Committee on Labor and Public Welfare, Public Health Subcommittee, executive, on calendar, 10:30 a. m., room F-42, Capitol.

Select Committee on Small Business, subcommittee, on S. 719, price discrimination and basing point, 10 a. m., 457 Senate Office Building.

House

Committee on Agriculture, on H. R. 4521, extending the Sugar Act of 1948 until December 31, 1956, 10 a. m., 1310 New House Office Building.

Committee on Armed Services, Brooks Subcommittee No. 1, on H. R. 1169, authorizing the Secretaries of the military departments to promote civilian recreation programs in localities when such facilities are inadequate, 10 a. m., 313-A Old House Office Building.

Committee on Expenditures in the Executive Departments, Holifield special subcommittee, on Home Loan Bank Board,

administration and related matters, 10 a. m., 429 Old House Office Building.

Bonner Subcommittee on Intergovernmental Relations, on report of Federal Supply Management, to hear Gen. Joseph McNarney, Office of the Secretary of Defense, 10 a. m., 1501 New House Office Building.

Committee on Foreign Affairs, on Mutual Security Program, room G-3, Capitol. Executive session (10 a. m. and 2:30 p. m.), to hear Richard Bissell, Deputy Administrator, ECA; John H. Ohly, Acting Assistant Director, Office of International Security Affairs; and Brig. Gen. George H. Olmsted, Deputy Assistant Chief of Staff, G-4, Department of the Army. Open session (7:30 p. m.), to hear Dudley B. Bonsel, assistant of the Bar of the City of New York; Clarence Pickett, American Friends Service Committee; Dr. Walter Van Kirk, National Council of Churches of Christ in the U. S.; and Msgr. Thomas J. McMahon, Catholic Near East Welfare Association.

Committee on Interior and Insular Affairs, Regan Subcommittee on Mines and Mining, to consider H. R. 4098, to authorize, for a temporary period, the purchase by the Government of anthracite in amounts sufficient to maintain normal production and employment in the anthracite region, to promote the general national welfare, 10 a. m., 1324 New House Office Building.

Committee on the Judiciary, Celler Subcommittee on the Study of Monopoly Power, on various aspects of the mobilization program, 10 a. m., 346 Old House Office Building.

Committee on Public Works, executive consideration of St. Lawrence seaway legislation, 9:30 a. m., 1302 New House Office Building.

Committee on Ways and Means, to begin executive deliberations on H. R. 1005, to permit free importation of twine used for baling hay, straw, and other fodder and bedding materials, 10 a. m., 1102 New House Office Building.

Joint Committees

Conferees, executive, on H. R. 3790, Interior appropriations, 10 a. m., room F-37, Capitol.

Conferees, executive, on S. 1717, Defense Production Act extension, 10:30 a. m., room G-52, Capitol.

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States in uniform when admitted free of charge to sporting events, moving picture theaters, and any other places subject to the admissions tax. This would be accomplished by amending section 1700 (a) (1) of the Internal Revenue Code, effective as to admissions on and after the first day of the first month which begins more than 10 days after the date of enactment.

GENERAL STATEMENT

Under present law, persons (including members of the Armed Forces) admitted free or at reduced rates are required to pay the same amount of tax as a person who is charged the regular admissions price with certain minor exceptions. Although H. R. 4473, the revenue bill of 1951 which is now pending in the Senate, would provide an exemption from admissions tax for all persons who are admitted free to various places of amusement, this bill is still the subject of hearings by the Senate Committee on Finance. Your committee believes that an exemption for members of the Armed Forces of the United States in uniform should be enacted as soon as possible. This time of year is the height of the sporting season, and in order for this exemption to be of advantage to servicemen, it should be enacted promptly.

Your committee has been advised that there is considerable reluctance upon the part of persons who are operating ball parks, moving-picture theaters, and other places of amusement to extend the privilege of free admissions to men in uniform because they must still go to the trouble under present law of collecting the admissions tax based upon the established price of admissions to such places. Your committee has also been advised by persons who are in charge of the recreation programs for servicemen that it is sometimes impossible to obtain free admittance for such personnel because of the fact that the Federal Government itself levies a charge for such admissions by way of an admissions tax. During World War II, members of the military and naval forces of the United States when in uniform were exempted from admissions tax where admissions were free. Restoration of a similar exemption during the current period of mobilization for the national emergency would contribute greatly to the morale of the members of our Armed Forces.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 1700 (a) (1) of the Internal Revenue Code is hereby amended by adding at the end thereof the following new sentence: "No tax shall be imposed in the case of admission free of charge of a member of the Armed Forces of the United States when in uniform."

SEC. 2. The amendment made by this act shall be applicable to admissions on and after the first day of the first month which begins more than ten days after the date of the enactment of this act.

The bill was ordered to be engrossed and read a third time, was read the third

time, and passed, and a motion to reconsider was laid on the table.

REPRESENTATION ALLOWANCE FUND

(Mr. REES of Kansas asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. REES of Kansas. Mr. Speaker, I regret I did not have a chance to get a vote on my amendment to cut \$350,000 of the funds allocated for what is described as Foreign Service entertainment in the Department of State.

It is my understanding the 1952 budget has requested the following sums for next year: For entertainment, Foreign Service, \$1,000,000; entertainment or representation international information, \$365,000; for ECA, \$350,000; International contingencies, \$100,000; Institute of American Affairs, \$42,000; miscellaneous items, \$23,000. This is a total of more than \$1,800,000. There are probably additional items of similar nature buried elsewhere in the appropriation legislation for the State Department and its associate agencies.

This is a lot of money for so-called entertainment. It is an item that can well be reduced without injury to anyone. In fact, it would be for the best interests of the Department, and it would help the taxpayers to the extent of more than \$300,000.

It is interesting to observe that the item of \$850,000 now included in the bill is described as being required, and I quote from the report, "for entertainment necessary in the conduct of official duties and purchase of flowers, wreaths, and similar tokens for presentation in accordance with local custom on appropriate occasions." The report, of course, does not complete the statement and explain more realistically the purpose for which the funds are used. I should add, however, the hearings indicate more complete information in this respect.

My amendment, if approved, would cut the item of \$850,000 down to \$500,000. The item should be reduced even more. The approval of the reduction by this House would further indicate that the people of this country, as well as the Congress, are not in favor of increasing unnecessary expenditures. It would also be notice to those who use these funds that they should be expected to hold such expenses in line.

Mr. Speaker, I would like to call attention to the manner in which these allowances have been increased and approved by this committee in recent years. According to the testimony submitted, this item of entertainment or representation in 1942 was \$163,000. In 1943 it was \$185,000, and in 1944, \$225,000. It has been increasing year by year, until this year those in charge of the State Department have asked this Congress to appropriate a million dollars for entertainment, which is in addition to \$700,000 or \$800,000 requested by other related agencies, including the ECA, which is asking for \$350,000 for its entertainment funds.

I think the House will be interested in the further observation that the State Department, according to figures given me on good authority, since 1942 has

spent more than \$6,000,000 for so-called entertainment and representation.

Now, Mr. Speaker, in order that the House may have some of the reasons given for these large expenditures, I would like to quote briefly from a statement by a representative of the Department before the committee in charge of this legislation. Here is what he has to say, and I quote:

Members of the Foreign Service, in order to obtain vital information to supplement other sources of information, must build up personal relationships with persons who can furnish this information. This cannot be done overnight. Initial contacts must be cultivated over a considerable period of time. It is only after an officer has established a relationship of confidence that he can ask pointed and direct questions and hope to get at least a partially frank answer to the many problems entering into our foreign relations.

It would seem to me that the method for building personal relationships and for obtaining vital information of importance to our country is, to say the least, a risky one, if our representatives in top-flight positions are relying on such method in the carrying on of negotiations with representatives of foreign countries. Surely there must be a better method of dealing with such vital problems than to depend so much upon such procedure.

HOURLY OF MEETING TOMORROW

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

DEFENSE PRODUCTION ACT AMENDMENTS OF 1951

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the conferees on the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, may have until midnight Saturday to file a report.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

PROGRAM FOR JULY 27

(Mr. McCORMACK asked and was given permission to address the House for 30 seconds.)

Mr. McCORMACK. Mr. Speaker, in relation to the program tomorrow the first order of business will be the peace-with-Germany resolution. It is expected that will not take long, as it was unanimously reported out of the Committee on Foreign Affairs.

Thereafter we will take up the offshore tidelands bill.

Mr. McGREGOR. Mr. Speaker, will the gentleman yield for a question?

Mr. McCORMACK. I yield.

Mr. McGREGOR. Does the majority leader expect to work Saturday?

Mr. McCORMACK. No; I do not expect to.

Mr. MCGREGOR. I thank the gentleman.

DOUBLE PAYMENT OF VETERANS TUITION

(Mr. KARSTEN of Missouri asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KARSTEN of Missouri. Mr. Speaker, I noticed an article in the press yesterday about double payment of tuition to certain universities, which is now being investigated by a House committee.

During the last Congress, a bill was reported by the Committee on Veterans' Affairs, H. R. 7057, Public Law 571, Eighty-first Congress, which provided that funds paid to land-grant colleges, under the Land Grant Acts, should not be taken into consideration in connection with funds received by the same colleges for training veterans under the Servicemen's Readjustment Act. The legislation was opposed by the Comptroller General as well as the Bureau of the Budget because in principle it provided double payment for the same services, with the Government footing the bill.

I opposed the bill, as did the gentleman from New York [Mr. KEATING], and evidence was produced on the floor, in the form of vouchers and other documents showing these duplicate payments under the Land Grant Acts and the servicemen's readjustment law, listing the same professors at the same salaries. I recall one case of six professors in a western university whose salaries were partially paid under the Morrill-Nelson and Bankhead-Jones Acts and I submitted the voucher to the House which showed that \$2,000 had been paid to these professors under the land-grant laws. I pointed out to the House that we found the same university coming in with a cost estimate, listing these professors' salaries, for reimbursement under the Servicemen's Readjustment Act, and they made no deduction for the \$2,000 they had already received under the Land Grant Act.

The Veterans' Administration estimated the cost of this bill at \$10,000,000. Here you have the Federal Government paying \$20,000,000 for \$10,000,000 worth of service.

The roll call on that bill is very interesting. It is in the Record of March 20, 1950 and is found on page 3715. Those who are complaining the loudest about double tuition today voted for the bill. Four members of the Select Committee Investigating Educational Training voted for the bill and two Members were paired for the bill, which ratified and authorized future duplicate payments. Here you have a majority of a congressional committee voting for double payments and now complaining because the payments are being made.

HON. VERA BUCHANAN

(Mr. EBERHARTER asked and was given permission to address the House for 2 minutes.)

Mr. EBERHARTER. Mr. Speaker, the success of Mrs. VERA BUCHANAN in the Thirty-third District of Pennsyl-

vania to replace her revered husband in this House was an important victory for the Democratic cause in our country.

We of Pennsylvania knew that Mrs. BUCHANAN would be the victor, but we have been most pleased and happy with the size of her majority.

And let there be no mistake about the campaign. Mrs. BUCHANAN carried on her crusade without mincing words. She supported the Democratic administration, and she believes in the program which the administration is carrying on through Congress. She stood four-square behind our President. Her opponent was vehement in his criticism of our program. The people made the decision, and more than 60 percent of them stood with Mrs. BUCHANAN.

This is the fourth special election held this year. The results of these elections have been most interesting. They show a steady rise in Democratic strength. On March 9, in Missouri, the Democrats received 43.2 percent of the vote. Then on April 14, in Kentucky the Democratic majority was recorded as 55.3 percent. In West Virginia on July 17, the Democratic majority was 58.4 percent. Mrs. BUCHANAN received a majority of 61.8 percent.

These results are indicative of the temper of the American people. They reflect a desire on the part of the people to have a vigorous representation in Washington supporting our administration. This steady rise in Democratic strength means that our people want action to continue the President's struggle to achieve peace in our world and security here at home.

Note this, Mr. Speaker, in the elections in Kentucky, West Virginia, and Pennsylvania, the percentage of Democratic votes was measurably higher than it was in 1946.

EXTENSION OF REMARKS

By unanimous consent permission to extend remarks in the Appendix of the Record, or to revise and extend remarks, was granted to:

Mr. FOGARTY and to include a speech delivered this morning by Hon. JOHN O. PASTORE, Senator from Rhode Island.

Mr. LARCADE in three instances and to include extraneous matter.

Mr. WILSON of Texas and to include an editorial.

Mr. CLEMENTE and to include a newspaper article.

Mr. MOULDER (at the request of Mr. JONES of Missouri) in three instances and to include extraneous matter.

Mr. GREEN and to include an article that appeared in the Reporter.

Mr. RAMSAY and to include a letter appearing in the Ashland (Ky.) Independent.

Mr. LANE in three instances and to include an editorial and other extraneous matter.

Mr. ANGELL and to include an editorial.

Mr. VAN ZANDT, Mr. JOHNSON, and Mr. GOODWIN and to include extraneous matter.

Mr. BURDICK.

Mr. BUFFETT in two instances and to include excerpts.

Mr. SCUDDER and to include an editorial.

Mr. MACK of Washington in three instances and to include extraneous matter.

Mr. VELDE.

Mr. SADLAK in connection with the funeral of Mr. Charles Ryan, secretary to a Congressman.

Mr. RANKIN and to include a bill he introduced for the creation of a Missouri Valley Authority.

Mr. SMITH of Wisconsin to revise and extend his remarks in the Committee of the Whole and include excerpts.

Mr. ROONEY to revise and extend the remarks he made in the Committee of the Whole today and include certain extraneous matter.

Mr. ANFUSO (at the request of Mr. ROONEY) and to include certain extraneous matter.

Mr. BROWN of Ohio and to include the text of an address before the Massachusetts Legislature by Gen. Douglas MacArthur, General of the Army.

Mr. CLEMENTE in five instances.

Mr. ENGLE and to include extraneous matter.

Mr. SIEMINSKI in two instances and in each to include extraneous matter.

Mr. GATHINGS and to include an article.

Mr. RABAUT and to include a speech delivered by Dean Acheson at the birthday celebration.

Mr. RABAUT to revise and extend the remarks he made in the Committee of the Whole today and include extraneous matter.

Mr. GRANGER.

Mr. MCGRATH.

Mr. JACKSON of Washington (at the request of Mr. MANSFIELD) and to include extraneous matter.

Mr. RHODES and to include a statement by Paul A. Strachan, president of the American Federation of Physically Handicapped.

Mr. PHILBIN in two instances.

Mr. MEADER to revise and extend the remarks he made in the Committee of the Whole today and to include extraneous matter.

Mr. JENSEN.

Mr. JONAS and to include extraneous matter.

Mr. WEICHEL and to include additional matter.

Mr. DONDERO (at the request of Mr. MARTIN of Massachusetts) and to include an address this morning at the Brumidi celebration in the Rotunda.

Mr. JUDD in three separate instances and in each to include extraneous matter.

Mrs. ROGERS of Massachusetts and to include an article appearing in the Times-Herald.

Mr. HAGEN in three instances and to include extraneous matter.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted as follows to:

Mr. SMITH of Kansas (at the request of Mr. REES of Kansas), for 15 days, on account of serving on maneuvers with National Guard.

Mr. SAYLOR, for an indefinite period, on account of official committee business.

ENROLLED BILL SIGNED

Mr. STANLEY, from the Committee on House Administration, reported that

thorize, for a temporary period, the purchase by the Government of anthracite in amounts sufficient to maintain normal production and employment in the anthracite region. Representative Flood, author of the last-mentioned bill, explained the general objectives of the proposal.

MOBILIZATION, MONOPOLY

Committee on the Judiciary: James K. Knudson, Defense Transport Administrator, testified today on the monopoly aspects of the mobilization program before the Celler Subcommittee on the Study of Monopoly Power, which concluded its public hearings on the subject.

ST. LAWRENCE SEAWAY

Committee on Public Works: Voted (15 to 12) to table H. J. Res. 4, approving U. S.-Canadian agreement relating to the development of resources of the Great Lakes-St. Lawrence Basin. This joint resolution, which was introduced by Representative Blatnik, was the last remaining measure on this subject to be referred for committee study and consideration, all other having been tabled at previous meetings.

BALING TWINE—GI ADMISSIONS TAX— CUSTOMS SIMPLIFICATION

Committee on Ways and Means: Ordered the following bills reported favorably to the House—

H. R. 1005, to permit free importation of twine used for baling hay, straw, and other fodder and bedding materials (with two technical amendments); and

H. R. 4601, to provide that the admissions tax shall not apply in respect of admissions free of charge of uniformed members of the Armed Forces.

Also announced that public hearings have been scheduled to begin Monday, August 6, on H. R. 1535, making miscellaneous amendments to the Tariff Act of 1930, and certain related acts, for the most part liberalizing or

relaxing certain import provisions. This legislation will be known as Customs Simplification Act of 1951.

Joint Committee Meetings

DEFENSE PRODUCTION

Conferees continued, in executive session, on S. 1717, amending and extending for 1 year the Defense Production Act of 1950, reaching the following agreements: Continuing on the differences between the House- and Senate-passed versions of the portion of the bill on amendments to the Housing and Rent Act of 1947 (rent control), the House conferees accepted the Senate-passed provision providing that the President would fix rents in critical defense housing areas, using base period of May-June 1950; House conferees receded from House amendment which would have allowed local bodies to prevent imposition of rent controls in places declared to be critical defense housing areas by the Secretary of Defense and by Director of Defense Mobilization; and the House conferees also accepted the Senate amendment which prohibits imposition of Federal rent controls in States or local governments having local rent control as long as rents in such areas do not increase faster than the national average increase. Conferees meet in night session (7:30) to continue their work.

APPROPRIATIONS—INTERIOR

Conferees on H. R. 3790, Interior appropriations for 1952, met again in executive session to continue working out differences between the House- and Senate-passed versions of the bill. They did not conclude, and will meet again tomorrow.

FUR LABELING

Conferees on H. R. 2321, to protect consumers and others against misbranding, false advertising, and false invoicing of fur products and furs, agreed to file conference report on the differences between the House- and Senate-passed versions of the bill.

COMMITTEE MEETINGS FOR FRIDAY, JULY 27

(All meetings are open unless otherwise designated)

Senate

Committee on Appropriations, Subcommittee on Army Civil Functions, 10:30 a. m., room F-39, Capitol; Subcommittee on State, Justice, Commerce appropriations, executive, 10 a. m., room F-82, Capitol.

Committee on Finance, on H. R. 4473, tax revision, 10 a. m., 312 Senate Office Building.

Committee on Foreign Relations, on S. 1762, mutual security, with Secretary Marshall, 10:30 a. m., 318 Senate Office Building.

Select Committee on Small Business, subcommittee, on S. 719, price discrimination and basing point, 10 a. m., 457 Senate Office Building.

House

Committee on Agriculture, on H. R. 4521, extending the Sugar Act of 1948 until December 31, 1956, 10 a. m., 1310 New House Office Building. Witnesses will be Lawrence Myers, Director, Sugar Branch, Department of Agriculture; and Gordon Peyton, representing certain manufacturers.

Committee on Armed Services, Kilday Subcommittee No. 2 on H. R. 3366, to amend Career Compensation Act regarding bonus payments for certain enlistments, and other bills, 10 a. m., 313-A Old House Office Building.

Committee on Expenditures in the Executive Departments, Holifield special subcommittee on Home Loan Bank Board, administration and related matters, 10 a. m., 429 Old House Office Building.

Committee on Foreign Affairs, on Mutual Security Program, room G-3, Capitol. Executive session (10 a. m.) to hear Richard Bissell, Deputy Administrator, ECA; John H. Ohly, Acting Assistant Director, Office of International Security Affairs; Brig. Gen. George H. Olmsted, Deputy Assistant Chief of Staff, G-4, Department of the Army. Executive session (2:30 p. m.) to hear Ambassador Charles M. Spofford, U. S. Deputy to North Atlantic Council (NATO operations in Europe); Gen. A. Franklin Kibler, Director, Joint American Military Advisory Group; Ambassador Milton Katz, ECA special representative for Europe (Economic operations in Europe); and William L. Batt, U. S. Member, Defense Production Board (European production).

Committee on Interior and Insular Affairs, Bentsen Subcommittee on Public Lands to consider H. R. 1638, to facilitate the management of the national park system and miscellaneous areas administered in connection with that system; and H. R. 3937 and 3938, similar bills, to authorize the Secretary of the Interior to administer, operate, maintain, etc., until such time as established, the properties acquired for the establishment of the In-

dependence National Historical Park, 10 a. m., 1324 New House Office Building.

Committee on Interstate and Foreign Commerce, Beckworth Special Subcommittee on Newsprint in open hearings, 10 a. m., 1334 New House Office Building.

Committee on the Judiciary, Bryson Subcommittee No. 3 on H. R. 4915, to amend title 18 of the U. S. Code, relating to sabotage, executive, 10 a. m., 345 Old House Office Building.

Committee on Post Office and Civil Service, executive consideration of Federal pay increase legislation, 10 a. m., 213 Old House Office Building.

Committee on Ways and Means, Forand Subcommittee on Unemployment Insurance, on H. R. 3393, to amend the Social Security Act to provide unemployment insurance for Federal civilian employees, executive, 10 a. m., 1102 New House Office Building.

Joint Committee

Conferees, executive, on H. R. 3790, Interior appropriations, 10 a. m., room F-37, Capitol.

July 27

DEFENSE PRODUCTION ACT AMENDMENTS OF 1951

JULY 27, 1951.—Ordered to be printed

Mr. SPENCE, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany S. 1717]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following: *That this Act may be cited as the "Defense Production Act Amendments of 1951"*.

TITLE I—AMENDMENTS TO DEFENSE PRODUCTION ACT OF 1950

PRIORITIES AND ALLOCATIONS

SEC. 101. (a) *Section 101 of the Defense Production Act of 1950 is amended by adding at the end thereof the following: "No restriction, quota, or other limitation shall be placed upon the quantity of livestock which may be slaughtered or handled by any processor."*

(b) *Section 102 of the Defense Production Act of 1950 is amended by striking out the third sentence and inserting in lieu thereof the following sentences: "In making such designations the President may prescribe such conditions with respect to the accumulation of materials in excess of the reasonable demands of business, personal, or home consumption as he deems necessary to carry out the objectives of this Act. This section shall not be construed to limit the authority contained in sections 101 and 704 of this Act."*

(c) *Title I of the Defense Production Act of 1950 is hereby amended by adding the following section:*

"SEC. 104. Import controls of fats and oils (including oil-bearing materials, fatty acids, and soap and soap powder, but excluding petroleum and petroleum products and coconuts and coconut products), peanuts, butter, cheese and other dairy products, and rice and rice products are necessary for the protection of the essential security interests and economy of the United States in the existing emergency in international relations, and no imports of any such commodity or product shall be admitted to the United States until after June 30, 1952, which the Secretary of Agriculture determines would (a) impair or reduce the domestic production of any such commodity or product below present production levels, or below such higher levels as the Secretary of Agriculture may deem necessary in view of domestic and international conditions, or (b) interfere with the orderly domestic storing and marketing of any such commodity or product, or (c) result in any unnecessary burden or expenditures under any Government price support program. The President shall exercise the authority and powers conferred by this section."

AUTHORITY TO REQUISITION AND CONDEMN

SEC. 102. (a) Title II of the Defense Production Act of 1950 is amended by adding to the heading thereof the words "AND CONDEMN".

(b) Section 201 of the Defense Production Act of 1950 is amended—

(1) By adding at the end of subsection (a) the following new sentence: "No real property (other than equipment and facilities, and buildings and other structures, to be demolished and used as scrap or second-hand materials) shall be acquired under this subsection."

(2) By adding after subsection (a) the following new subsection:

"(b) Whenever the President deems it necessary in the interest of national defense, he may acquire by purchase, donation, or other means of transfer, or may cause proceedings to be instituted in any court having jurisdiction of such proceedings to acquire by condemnation, any real property, including facilities, temporary use thereof, or other interest therein, together with any personal property located thereon or used therewith, that he deems necessary for the national defense, such proceedings to be in accordance with the Act of August 1, 1888 (25 Stat. 357), as amended, or any other applicable Federal statute. Before condemnation proceedings are instituted pursuant to this section, an effort shall be made to acquire the property involved by negotiation unless, because of reasonable doubt as to the identity of the owner or owners, because of the large number of persons with whom it would be necessary to negotiate, or for other reasons, the effort to acquire by negotiation would involve, in the judgment of the President, such delay in acquiring the property as to be contrary to the interest of national defense. In any condemnation proceeding instituted pursuant to this section, the court shall not order the party in possession to surrender possession in advance of final judgment unless a declaration of taking has been filed, and a deposit of the amount estimated to be just compensation has been made, under the first section of the Act of February 26, 1931 (46 Stat. 1421), providing for such declarations. Unless title is in dispute, the court, upon application, shall promptly pay to the owner at least 75 per centum of the amount so deposited, but such payment shall be made without prejudice to any party to the proceeding. Property acquired under this

section may be occupied, used, and improved for the purposes of this section prior to the approval of title by the Attorney General as required by section 355 of the Revised Statutes, as amended."

(3) By striking out "requisitioned" in the presently designated subsection (c), and inserting in lieu thereof "acquired".

(4) By redesignating subsections (b) and (c) as subsections (c) and (d), respectively.

EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

SEC. 103. (a) Section 303 of such Act is amended to read as follows:

"SEC. 303. (a) To assist in carrying out the objectives of this Act, the President may make provision (1) for purchases of or commitments to purchase metals, minerals, and other materials, for Government use or resale; and (2) for the encouragement of exploration, development, and mining of critical and strategic minerals and metals: Provided, however, That purchases for resale under this subsection shall not include that part of the supply of an agricultural commodity which is domestically produced except insofar as such domestically produced supply may be purchased for resale for industrial uses or stockpiling, and no commodity purchased under this subsection shall be sold at less than the established ceiling price for such commodity (except that minerals and metals shall not be sold at less than the established ceiling price, or the current domestic market price, whichever is lower), or, if no ceiling price has been established, the higher of the following: (i) the current domestic market price for such commodity, or (ii) the minimum sale price established for agricultural commodities owned or controlled by the Commodity Credit Corporation as provided in section 407 of Public Law 439, Eighty-first Congress: Provided further, however, That no purchase or commitment to purchase any imported agricultural commodity shall be made calling for delivery more than one year after the expiration of this Act.

"(b) Subject to the limitations in subsection (a), purchases and commitments to purchase and sales under such subsection may be made without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, but not extending beyond June 30, 1962, as the President deems necessary, except that purchases or commitments to purchase involving higher than established ceiling prices (or if there be no established ceiling prices, currently prevailing market prices) or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

"(c) If the President finds—

"(1) that under generally fair and equitable ceiling prices for any raw or nonprocessed material, there will result a decrease in supplies from high-cost sources of such material, and that the continuation of such supplies is necessary to carry out the objectives of the Act; or

"(2) that an increase in cost of transportation is temporary in character and threatens to impair maximum production or supply in any area at stable prices of any materials,

he may make provision for subsidy payments on any such domestically produced material other than an agricultural commodity in such amounts and in such manner (including purchases of such material and its resale

at a loss without regard to the limitations of existing law), and on such terms and conditions, as he determines to be necessary to insure that supplies from such high-cost sources are continued, or that maximum production or supply in such area at stable prices of such materials is maintained, as the case may be.

"(d) The procurement power granted to the President by this section shall include the power to transport and store and have processed and refined, any materials procured under this section.

"(e) When in his judgment it will aid the national defense, the President is authorized to install additional equipment, facilities, processes or improvements to plants, factories, and other industrial facilities owned by the United States Government, and to install government-owned equipment in plants, factories, and other industrial facilities owned by private persons."

(b) Subsection (b) of section 304 of the Defense Production Act of 1950 is amended by striking out the proviso in the first sentence and inserting in lieu thereof the following: "Provided, That the amount borrowed under the provisions of this section by all such borrowers shall not exceed an aggregate of \$2,100,000,000 outstanding at any one time: Provided, further, That when any contract, agreement, loan, or other transaction heretofore or hereafter entered into pursuant to section 302 or 303 imposes contingent liability upon the United States, such liability shall be considered for the purposes of sections 3679 and 3732 of the Revised Statutes, as amended, as an obligation only to the extent of the probable ultimate net cost to the United States under such transaction; and the President shall submit a report to the Congress not less often than once each quarter setting forth the gross amount of each such transaction entered into by any agency of the United States Government under this authority and the basis for determining the probable ultimate net cost to the United States thereunder."

(c) Section 304 of the Defense Production Act of 1950 is further amended by striking out subsection (c).

PRICE AND WAGE STABILIZATION

SEC. 104. (a) The second sentence of paragraph (3) of subsection (d) of section 402 of the Defense Production Act of 1950 is amended by striking out the period at the end thereof and inserting in lieu thereof the following: "; and equitable treatment shall be accorded to all such processors."

(b) Paragraph (3) of subsection (d) of section 402 of the Defense Production Act of 1950 is amended by inserting after the third sentence thereof the following new sentence: "No ceiling shall be established or maintained for any agricultural commodity below 90 per centum of the price received (by grade) by producers on May 19, 1951, as determined by the Secretary of Agriculture."

(c) The fourth sentence of paragraph (3) of subsection (d) of section 402 of the Defense Production Act of 1950 is amended to read as follows: "Nothing contained in this Act shall be construed to modify, repeal, supersede, or affect the provisions of either (1) the Agricultural Act of 1949, or (2) the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of the Agricultural Marketing Agreement Act of 1937, as amended."

(d) Paragraph (3) of subsection (d) of section 402 of the Defense Production Act of 1950 is amended by adding a new sentence at the end thereof to read as follows: "No ceiling prices to producers for milk or butterfat used for manufacturing dairy products shall be issued until and unless the Secretary of Agriculture shall determine that such prices are reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect the supply and demand for dairy products, and will insure a sufficient quantity of dairy products and be in the public interest. The prices so determined shall be adjusted by him for use, grade, quality, location, and season of the year."

(e) Subsection (d) of section 402 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new paragraph:

"(4) After the enactment of this paragraph no ceiling price on any material (other than an agricultural commodity) or on any service shall become effective which is below the lower of (A) the price prevailing just before the date of issuance of the regulation or order establishing such ceiling price, or (B) the price prevailing during the period January 25, 1951, to February 24, 1951, inclusive. Nothing in this paragraph shall prohibit the establishment or maintenance of a ceiling price with respect to any material (other than an agricultural commodity) or service which (1) is based upon the highest price between January 1, 1950, and June 24, 1950, inclusive, if such ceiling price reflects adjustments for increases or decreases in costs occurring subsequent to the date on which such highest price was received and prior to July 26, 1951, or (2) is established under a regulation issued prior to the enactment of this paragraph. Upon application and a proper showing of his prices and costs by any person subject to a ceiling price, the President shall adjust such ceiling price in the manner prescribed in clause (1) of the preceding sentence. For the purposes of this paragraph the term 'costs' includes material, indirect and direct labor, factory, selling, advertising, office, and all other production, distribution, transportation and administration costs, except such as the President may determine to be unreasonable and excessive."

(f) Subsection (e) of section 402 of the Defense Production Act of 1950 is amended by striking out "Rates or fees charged for professional services" in paragraph (ii) and inserting in lieu thereof: "Rates or fees charged for professional services; wages, salaries, and other compensation paid to physicians employed in a professional capacity by licensed hospitals, clinics and like medical institutions for the care of the sick or disabled; wages, salaries and other compensation paid to attorneys licensed to practice law employed in a professional capacity by an attorney or firm of attorneys engaged in the practice of his or their profession".

(g) Subsection (e) of section 402 of the Defense Production Act of 1950 is hereby amended by adding at the end thereof the following new paragraph:

"(vii) Prices charged and wages paid for services performed by barbers and beauticians."

(h) Section 402 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new subsections:

"(j) Where the sale or delivery of a material or service makes the person selling or delivering it liable for a State or local gross receipts tax or gross income tax, he may receive for the material or service involved, in addition to the ceiling price (1) an amount equal to the amount of all such State and local taxes for which the transaction makes him liable, or (2) one cent, whichever is greater. For the purposes of the preceding sen-

tence, the amount of tax liability shall be computed on shipping units at the ceiling price, and a fractional part of a cent in the amount of tax liability shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to one cent.

"(k) No rule, regulation, order or amendment thereto shall hereafter be issued under this title, which shall deny to sellers of materials at retail or wholesale their customary percentage margins over costs of the materials during the period May 24, 1950, to June 24, 1950, or on such other nearest representative date determined under section 402 (c), as shown by their records during such period, except as to any one specific item of a line of material sold by such sellers which is in short supply as evidenced by specific government action to encourage production of the item in question. No such exception shall reduce such customary margins of sellers at retail or wholesale beyond the amount found by the President, in writing, to be generally equitable and proportionate in relation to the general reductions in the customary margins of all other classes of persons concerned in the production and distribution of the excepted item of material.

"Prior to making any finding that a specific item of material shall be so excepted, or as to the amount of the reductions in customary margins to be imposed upon retail and wholesale sellers of such item, the President shall consult with representatives of the affected retail and wholesale sellers concerning the basis for and the amount of the exception which is proposed with respect to any such item.

"For purposes of this section a person is a 'seller of a material at retail or wholesale' to the extent that such person purchases and resells an item of material without substantially altering its form; or to the extent that such person sells to ultimate consumers except (1) to government and institutional consumers and (2) to consumers who purchase for consumption in the course of trade or business."

(i) Subsection (a) of section 405 of the Defense Production Act of 1950 is amended by adding at the end thereof the following: "The President shall also prescribe the extent to which any payment made, either in money or property, by any person in violation of any such regulation, order, or requirement shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any such person for the purposes of any other law or regulation, including bases in determining gain for tax purposes."

(j) Subsection (a) of section 409 of the Defense Production Act of 1950 is amended to read as follows:

"(a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 405 of this title, he may make application to any district court of the United States or any United States court of any Territory or other place subject to the jurisdiction of the United States for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order, with or without such injunction or restraining order, shall be granted without bond."

(k) The second sentence of subsection (c) of section 409 of the Defense Production Act of 1950 is amended by striking out the words "but in no event shall such amount exceed the amount of the overcharge, or the overcharges, plus \$10,000,".

(1) Section 409 of the Defense Production Act of 1950 is further amended by adding at the end thereof the following new subsections:

"(d) The President shall also prescribe the extent to which any payment made by way of fine pursuant to subsection (b) of this section 409, or any payment made to the United States or to any buyer in compromise or satisfaction of any liability or of any right of action, suit, or judgment, authorized pursuant to subsection (c) of this section 409 for selling any material or service, in violation of a regulation or order providing a ceiling or ceilings, shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any such person for the purposes of any other law or regulation.

"(e) The term 'court of competent jurisdiction' as used in this section shall mean any Federal court of competent jurisdiction regardless of the amount in controversy and any State or Territorial court of competent jurisdiction."

SEC. 105. (a) Section 403 of the Defense Production Act of 1950 is hereby amended by changing the period at the end of the first sentence to a colon and adding the following: "Provided, however, That the President shall administer any controls over the wages or salaries of employees subject to the provisions of the Railway Labor Act, as amended, through a separate board or panel having jurisdiction only over such employees."

(b) Section 502 of the Defense Production Act of 1950 is amended by changing the period at the end of the last sentence thereof to a colon and adding the following: "Provided, however, That in any dispute between employees and carriers subject to the Railway Labor Act, as amended, the procedures of such Act shall be followed for the purpose of bringing about a settlement of such dispute. Any agency provided for by such Act, including any panel or panel board established by the President for the adjustment of disputes arising under the Railway Labor Act, as a prerequisite to effecting or recommending a settlement of such dispute, shall make a specific finding and certification that the changes proposed by such settlement or recommended settlement, are consistent with such standards as may then be in effect, established by or pursuant to law, for the purpose of controlling inflationary tendencies: Provided further, That in any nondisputed wage or salary adjustments proposed as a result of voluntary agreement through collective bargaining, mediation, or otherwise, the same finding and certification of consistency with existing stabilization policy shall be made by the separate panel, chairman thereof, or boards as established and authorized by the President. Where such finding and certification are made by such agency, panel, chairman thereof, or boards, they shall after approval by the Economic Stabilization Administrator be conclusive and it shall then be lawful for the employees and carriers, by agreement, to put into effect the changes proposed by the settlement, recommended settlement, or voluntary proposal with respect to which such findings and certification were made."

(c) The second sentence of section 503 of the Defense Production Act of 1950 is hereby amended to read as follows: "No action inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, other Federal labor standards statutes, the Labor Management Relations Act, 1947, the Railway Labor Act, as amended, or with other applicable laws shall be taken under this title."

CONTROL OF CREDIT

SEC. 106. (a) Section 601 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new paragraph:

"In the exercise of its authority under this section, the Board shall not (1) require a down payment of more than one-third or fix a maximum maturity of less than eighteen months in connection with instalment credit extended for the purchase of a new or used automobile, or (2) require a down payment of more than 15 per centum or fix a maximum maturity of less than eighteen months in connection with instalment credit extended for the purchase of any household appliance (including phonographs and radios and television sets), or (3) require a down payment of more than 15 per centum or fix a maximum maturity of less than eighteen months in connection with instalment credit extended for the purchase of household furniture and floor coverings (the down payments required by the Board in the exercise of its authority under paragraphs (1), (2), and (3) may be made in cash, or by trade-in or exchange of property, or by a combination of cash and trade-in or exchange of property), or (4) require a down payment of more than 10 per centum or fix a maximum maturity of less than thirty-six months in connection with instalment credit extended for residential repairs, alterations, or improvements or require any down payment on roofing or siding repairs, alterations or improvements in advance of completion thereof."

(b) Section 603 of the Defense Production Act of 1950 is amended to read as follows:

"SEC. 603. Any person who willfully violates any provision of section 601, 602, or 605 or any regulation or order issued thereunder, upon conviction thereof, shall be fined not more than \$5,000 or imprisoned not more than one year, or both."

(c) Section 605 of the Defense Production Act of 1950 is amended by adding at the end thereof the following sentences: "Subject to the provision of this section with respect to preserving the relative credit preferences accorded to veterans under existing law, the President may require lenders or borrowers and their successors and assigns to comply with reasonable conditions and requirements, in addition to those provided by other laws, in connection with any loan of a type which has been the subject of action by the President under this section. Such conditions and requirements may vary for classifications of persons or transactions as the President may prescribe, and failure to comply therewith shall constitute a violation of this section."

GENERAL PROVISIONS

SEC. 107. The table of contents of the Defense Production Act of 1950 is amended by striking out "Authority to requisition" and inserting in lieu thereof "Authority to requisition and condemn".

SEC. 108. Subsection (c) of section 701 of the Defense Production Act of 1950 is amended by striking out "and having due regard to the needs of new businesses" and inserting in lieu thereof the following: "and having due regard to the current competitive position of established business: Provided, That the limitations and restrictions imposed on the production of specific items shall not exclude new concerns from a fair and reasonable share of total authorized production".

SEC. 109. (a) Subsection (a) of section 703 of the Defense Production Act of 1950 is amended by striking out the second sentence and inserting

in lieu thereof the following sentence: "The President is authorized to appoint heads and assistant heads of any such new agencies, and other officials therein of comparable status, and to fix their compensation, without regard to the Classification Act of 1949, as amended, the head of one such agency to be paid at a rate comparable to the compensation paid to the heads of executive departments of the Government, and other such heads, assistant heads, and officials at rates comparable to the compensation paid to the heads and assistant heads of independent agencies of the Government."

(b) Section 703 (b) of the Defense Production Act of 1950 is amended by adding at the end thereof the following: "There shall be included among the policy-making officers of each regional office administering the authority conferred by title IV of this Act a resident of each State served by such office whose governor requests such representation."

(c) Section 704 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new sentence: "No rule, regulation, or order issued under this Act which restricts the use of natural gas (either directly, or by restricting the use of facilities for the consumption of natural gas, or in any other manner) shall apply in any State in which a public regulatory agency has authority to restrict the use of natural gas and certifies to the President that it is exercising that authority to the extent necessary to accomplish the objectives of this Act."

(d) Subsection (a) of section 705 of the Defense Production Act of 1950 is amended by inserting after "take the sworn testimony of," the following: "and administer oaths and affirmations to,".

(e) Subsection (a) of section 706 of the Defense Production Act of 1950 is amended by striking out the last eight words thereof and inserting in lieu thereof the following: "or other order, with or without such injunction or restraining order, shall be granted without bond".

(f) Section 710 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new subsection:

"(f) The President, when he deems such action necessary, may make provision for the printing and distribution of reports, in such number and in such manner as he deems appropriate, concerning the actions taken to carry out the objectives of this Act."

SEC. 110. (a) Title VII of the Defense Production Act of 1950 is amended by adding after section 713 the following new section:

"SEC. 714. (a) (1) It is the sense of the Congress that small-business concerns be encouraged to make the greatest possible contribution toward achieving the objectives of this Act. In order to carry out this policy there is hereby created an agency under the name 'Small Defense Plants Administration' (hereinafter referred to as the Administration), which Administration shall be under the general direction and supervision of the President and shall not be affiliated with or be within any other agency or department of the Federal Government. The principal office of the Administration shall be located in the District of Columbia, but the Administration may establish such branch offices in other places in the United States as may be determined by the Administrator of the Administration. For the purposes of this section, a small-business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation. The Administration, in making a detailed definition, may use these criteria, among others:

independency of ownership and operation, number of employees, dollar volume of business, and nondominance in its field.

"(2) The Administration is authorized to obtain money from the Treasury of the United States, for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of \$50,000,000 outstanding at any one time. For this purpose appropriations not to exceed \$50,000,000 are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Administration from the revolving fund when requested by the Administration. This revolving fund shall be used for the purposes enumerated subsequently in subsection (b) (1) (B), (C), and (D). Reimbursements made to the Administration under these operations shall revert to the revolving fund for use for the same purposes.

"(3) The management of the Administration shall be vested in an Administrator who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be a person of outstanding qualifications known to be familiar and sympathetic with small-business needs and problems. The Administrator shall receive compensation at the rate of \$17,500 per annum. The Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator. The Administrator is authorized to appoint two Deputy Administrators to assist in the execution of the functions vested in the Administration. Deputy Administrators shall be paid at the rate of \$15,000 per annum.

"(4) The Administration shall not have succession, beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to an Act of Congress. It shall have power to adopt, alter, and use a seal, which shall be judicially noticed; to select and employ such officers, employees, attorneys, and agents as shall be necessary for the transaction of business of the Administration; to define their authority and duties, require bonds of them, and fix the penalties thereof. The Administration, with the consent of any board, commission independent establishment, or executive department of the Government, may avail itself of the use of information, services, facilities, including any field service thereof, officers, and employees thereof in carrying out the provisions of this section.

"(5) All moneys of the Administration not otherwise employed may be deposited with the Treasurer of the United States subject to check by authority of the Administration or in any Federal Reserve bank. The Federal Reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the Administration in the general performance of its powers conferred by this Act. All insured banks, when designated by the Secretary of the Treasury, shall act as custodians, and financial agents for the Administration.

"(b) (1) Without regard to any other provision of law except the regulations prescribed under section 201 of the First War Powers Act, 1941, as amended, the Administration is empowered—

"(A) to recommend to the Reconstruction Finance Corporation loans or advances, on such terms and conditions and with such maturity as the Reconstruction Finance Corporation may determine on its own discretion, to enable small-business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to finance research, develop-

ment, and experimental work on new or improved products or processes; or to supply such concerns with capital to be used in the manufacture of articles, equipment, supplies, or materials for defense or essential civilian purposes; or to establish and operate technical laboratories to serve small-business concerns; such loans or advances to be made or effected either directly by the Reconstruction Finance Corporation or in cooperation with banks or other lending institutions through agreements to participate in insurance of loans, or by the purchase of participations, or otherwise;

"(B) to enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating the Administration to furnish articles, equipment, supplies, or materials to the Government;

"(C) to arrange for the performance of such contracts by letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts; and

"(D) to provide technical and managerial aids to small-business concerns, by maintaining a clearinghouse for technical information, by cooperating with other Government agencies, by disseminating information, and by such other activities as are deemed appropriate by the Administration.

"(2) In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent to perform any specific Government procurement contract to be let by any such officers, such officer shall be authorized to let such procurement contract to the Administration upon such terms and conditions as may be agreed upon between the Administration and the procurement officer.

"(c) (1) Whoever makes any statement knowing it to be false or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administration, or for the purpose of obtaining money, property, or anything of value, under this section, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

"(2) Whoever, being connected in any capacity with the Administration (A) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (B) with intent to defraud the Administration or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Administration makes any false entry in any book, report, or statement of or to the Administration, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (C) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Administration, or (D) gives any unauthorized information concerning any future action or plan

of the Administration which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Administration shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

“(d) (1) It shall be the duty of the Administration and it is hereby empowered, to coordinate and to ascertain the means by which the productive capacity of small-business concerns can be most effectively utilized for national defense and essential civilian production.

“(2) It shall be the duty of the Administration and it is hereby empowered, to consult and cooperate with appropriate governmental agencies in the issuance of all orders limiting or expanding production by, or in the formulation of policy in granting priorities to, business concerns. All such governmental agencies are required, before issuing such orders or announcing such priority policies, to consult with the Administration in order that small-business concerns will be most effectively utilized in the production of articles, equipment, supplies and materials for national defense and essential civilian purposes.

“(e) The Administration shall have power, and it is hereby directed, whenever it determines such action is necessary—

“(1) to make a complete inventory of all productive facilities of small-business concerns which can be used for defense and essential civilian production or to arrange for such inventory to be made by any other governmental agency which has the facilities. In making any such inventory, the appropriate agencies in the several States shall be requested to furnish an inventory of the productive facilities of small-business concerns in each respective State if such an inventory is available or in prospect;

“(2) to consult and cooperate with officers of the Government having procurement powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

“(3) to obtain information as to methods and practices which Government prime contractors utilize in letting subcontracts and to take action to encourage the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

“(4) to take such action, authorized under this section, as is necessary to provide small-business concerns with an adequate incentive, excluding subsidies, to engage in defense and essential civilian production and to facilitate the conversion and equipping of plants of small-business concerns for such production;

“(5) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises, which are to be designated ‘small-business concerns’ for the purpose of effectuating the provisions of this section;

“(6) to certify to Government procurement officers with respect to the competency, as to capacity and credit, of any small-business concern or group of such concerns to perform a specific Government procurement contract;

“(7) to obtain from any Federal department, establishment, or agency engaged in defense procurement or in the financing of defense procurement or production such reports concerning the letting of contracts and subcontracts and making of loans to business concerns

as it may deem pertinent in carrying out its functions under this Act;

"(8) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply, whenever it appears that any small business is unable to obtain materials for defense or essential civilian production from its normal sources;

"(9) to make studies and recommendations to the appropriate Federal agencies to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns to effectuate the defense program or for essential civilian purposes;

"(10) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from said agencies; and

"(11) to establish such advisory boards and committees wholly representative of small business as may be found necessary to achieve the purposes of this section.

"(f) (1) In any case in which a small-business concern or group of such concerns has been certified by or under the authority of the Administration to be a competent Government contractor with respect to capacity and credit as to a specific Government procurement contract, the officers of the Government having procurement powers are directed to accept such certification as conclusive, and are authorized to let such Government procurement contract to such concern or group of concerns without requiring it to meet any other requirement with respect to capacity and credit.

"(2) The Congress has as its policy that a fair proportion of the total purchases and contracts for supplies and services for the Government shall be placed with small-business concerns. To effectuate such policy, small-business concerns within the meaning of this section shall receive any award or contract or any part thereof as to which it is determined by the Administration and the contracting procurement agencies (A) to be in the interest of mobilizing the Nation's full productive capacity, or (B) to be in the interest of the national defense program, to make such award or let such contract to a small-business concern.

"(3) Whenever materials or supplies are allocated by law, a fair and equitable percentage thereof shall be allocated to small plants unable to obtain the necessary materials or supplies from usual sources. Such percentage shall be determined by the head of the lawful allocating authority after giving full consideration to the claims presented by the Administration.

"(4) Whenever the President invokes the powers given him in this Act to allocate, or approve agreements allocating, any material, to an extent which the President finds will result in a significant dislocation of the normal distribution in the civilian market, he shall do so in such a manner as to make available, so far as practicable, for business and various segments thereof in the normal channel of distribution of such material, a fair share of the available civilian supply based, so far as practicable, on the share received by such business under normal conditions during a representative period preceding June 24, 1950: Provided, That the limitations and restrictions imposed on the production of specific items should give due consideration to the needs of new concerns.

"(g) The Administration shall make a report every ninety days of operations under this title to the President, the President of the Senate,

and the Speaker of the House of Representatives. Such report shall include the names of the business concerns to whom contracts are let, and for whom financing is arranged, by the Administration, together with the amounts involved, and such report shall include such other information, and such comments and recommendations, with respect to the relation of small-business concerns to the defense effort, as the Administration may deem appropriate.

"(h) The Administration is hereby empowered to make studies of the effect of price, credit, and other controls imposed under the defense program and whenever it finds that these controls discriminate against or impose undue hardship upon small business, to make recommendations to the appropriate Federal agency for the adjustment of controls to the needs of small business.

"(i) The Reconstruction Finance Corporation is authorized to make loans and advances upon the recommendation of the Small Defense Plants Administration as provided in (b) (1) (A) of this section not to exceed an aggregate of \$100,000,000 outstanding at any one time, on such terms and conditions and with such maturities as Reconstruction Finance Corporation may determine.

"(j) The President may transfer to the Administration any functions, powers, and duties of any department or agency which relates primarily to small-business problems.

"(k) No loan shall be recommended or equipment, facilities, or services furnished by the Administration under this section to any business enterprise unless the owners, partners or officers of such business enterprise (1) certify to the Administration the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administration for assistance of any sort, and the fees paid or to be paid to any such persons, and (2) execute an agreement binding any such business enterprise for a period of two years after any assistance is rendered by the Administration to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent or employee of the Administration occupying a position or engaging in activities which the Administration shall have determined involve discretion with respect to the granting of assistance under this section.

"(l) To the fullest extent the Administration deems practicable, it shall make a fair charge for the use of Government-owned property and make and let contracts on a basis that will result in a recovery of the direct costs incurred by the Administration.

"(m) There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this section."

(b) The presently designated sections 714, 715, and 716 of the Defense Production Act of 1950 are redesignated as sections 715, 716, and 717, respectively.

SEC. 111. The presently designated section 716 of the Defense Production Act of 1950 is amended by striking out subsections (a) and (b), by redesignating subsections (c) and (d) as subsections (b) and (c), respectively, and by inserting the following new subsection:

"(a) This Act and all authority conferred thereunder shall terminate at the close of June 30, 1952."

TITLE II—AMENDMENTS TO THE HOUSING AND RENT
ACT OF 1947

SEC. 201. Section 204 (f) of the Housing and Rent Act of 1947, as amended, is amended by striking out "July 31, 1951" and inserting in lieu thereof "June 30, 1952".

SEC. 202. (a) The Housing and Rent Act of 1947, as amended, is amended by striking out "Housing Expediter" wherever it appears therein and inserting in lieu thereof "President".

(b) Section 204 (a) of the Housing and Rent Act of 1947, as amended, is repealed.

(c) Section 206 (e) of the Housing and Rent Act of 1947, as amended, is amended by striking out "The principal office of the Housing Expediter shall be in the District of Columbia, but he or any duly authorized representative may exercise any or all of his powers in any place and attorneys" and inserting in lieu thereof "Attorneys".

(d) Section 208 (a) of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

"(a) The President shall administer the powers, duties, and functions conferred upon him by title II of this Act through the new independent agency created pursuant to section 403 of the Defense Production Act of 1950, and he shall administer the powers, duties, and functions conferred upon him by title I of this Act through such officer or agency of the Government as he may designate. In accordance with the action taken by him pursuant to the preceding sentence, the President shall provide for appropriate transfers of records, property, necessary personnel, and unexpended balances of appropriations, allocations, and other funds heretofore under the jurisdiction of, or available to, the Office of the Housing Expediter. Any employees of the Office of the Housing Expediter not so transferred shall, unless transferred to other positions in the Government, be separated from the service. The President shall make such provisions as he shall deem appropriate for the termination and liquidation of the affairs of the Office of the Housing Expediter. For the purposes of determining the status of employees transferred to an agency administering functions provided for in this Act, they shall be deemed to be transferred in connection with a transfer of functions."

SEC. 203. Section 204 of the Housing and Rent Act of 1947, as amended, is amended by adding at the end thereof the following:

"(k) The President shall by regulation or order establish such maximum rent or maximum rents as in his judgment will be fair and equitable for controlled housing accommodations (as defined in section 202 (c)) (1) in any State which by law declares that there exists such a shortage in rental housing accommodations as to require Federal rent control in such State, or (2) in any incorporated city, town, village, or in the unincorporated area of any county (other than a city, town, village, or unincorporated area of any county within a State which is controlling rents) upon receipt of a resolution of its governing body adopted for that purpose in accordance with applicable local law and based upon a finding by such governing body, reached as a result of a public hearing held after ten days' notice, that there exists such a shortage in rental housing accommodations as to require Federal rent control in such city, town, village, or unincorporated area in such county. In establishing any maximum rent for any housing accommodations under this subsection the President

shall give due consideration to the rents prevailing for such housing accommodations or comparable housing accommodations during the period from May 24, 1950, to June 24, 1950, and he shall make adjustment for such relevant factors as he shall deem to be of general applicability in respect to such accommodations, including increases or decreases in property taxes and other costs within such State, incorporated city, town, or village, or unincorporated area.

"(l) Whenever the Secretary of Defense and the Director of Defense Mobilization, acting jointly, shall determine and certify to the President that any area (whether then or ever controlled or decontrolled under this Act) is a critical defense housing area, the President shall by regulation or order establish such maximum rent or maximum rents for any housing accommodations, not then subject to rent control, in such area or portion thereof as in his judgment will be fair and equitable. Notwithstanding the provisions of section 202 (c) the term 'controlled housing accommodations' as applied to any such critical defense housing area shall include all housing accommodations in the area, without exception. In establishing any maximum rent for any housing accommodations under this subsection, the President shall give due consideration to the rents prevailing for such housing accommodations or comparable housing accommodations during the period from May 24, 1950, to June 24, 1950, and he shall make adjustment for such relevant factors as he shall determine and deem to be of general applicability in respect to such accommodations, including increases or decreases in property taxes and other costs within such area. Maximum rents in any critical defense housing area shall be terminated at such time as the Secretary of Defense and the Director of Defense Mobilization, acting jointly, shall determine and certify to the President that such area is no longer a critical defense housing area, or as provided in subsection (e) or (j) of this section: Provided, however, That in any area where maximum rents are removed under the procedures provided in subsection (e) or (j) of this section, maximum rents may be reestablished after the expiration of thirty days on the determination and certification of the Secretary of Defense and the Director of Defense Mobilization, acting jointly. No area shall be certified as a critical defense housing area under the authority granted in this subsection unless all the following conditions exist in such area:

"(1) a new defense plant or installation has been or is to be provided, or an existing defense plant or installation has been or is to be reactivated or its operation substantially expanded;

"(2) substantial in migration of defense workers or military personnel is required to carry out activities at such plant or installation; and

"(3) a substantial shortage of housing required for such defense workers or military personnel exists or impends which has resulted or threatens to result in excessive rent increases and which impedes or threatens to impede activities of such defense plant or installation.

"(m) Whenever an area has been certified under subsection (l) to be a critical defense housing area, real-estate construction credit controls imposed under title VI of the Defense Production Act of 1950 shall be relaxed to the extent necessary to encourage construction of housing for defense workers and military personnel: Provided, That the certification, pursuant to subsection (l), that an area is a critical defense housing area shall not be effective in such area for any of the purposes of this section until such real estate construction credit controls have been relaxed as as provided in this subsection to the extent necessary in the determination

of the President. The fact that any area has been certified as a critical defense housing area under subsection (l) shall not make such area ineligible for the location of additional defense plants, facilities, or installations, or as a source of additional military procurement of any sort.

“(n) No maximum rents shall be established under subsection (l) for housing accommodations in any State where rent control is in effect or in any locality where local rent control is in effect, unless the rent component of the Consumers' Index of the Bureau of Labor Statistics for such State or locality has increased more than the United States average of the rent component of such index during the last six months for which such index is available immediately preceding the establishment of such maximum rents. The rent component of the Consumers' Index of the Bureau of Labor Statistics for any State shall be the average, weighted by population as determined by the Bureau of Labor Statistics, for all reported cities in the State, except that, where only one city is reported, the rent component for the State shall be the rent component for that city. Upon the establishment of maximum rents pursuant to subsection (l) for housing accommodations in a State in which State rent control is in effect, State rent control shall thereupon terminate. Upon the establishment of maximum rents pursuant to subsection (l) for housing accommodations in a locality in which local rent control is in effect, local rent control shall thereupon terminate. The rent component for any locality subject to local rent control shall be the rent component as established by the Bureau of Labor Statistics for that locality. Where data concerning rents have not been heretofore collected for a city in a State having State rent control or for a particular locality which has local rent control, the President may cause a survey to be made by the Bureau of Labor Statistics for the purpose of establishing a rent component for that State or locality. For the purposes of this subsection, State rent control shall be deemed in effect in any State in which maximum rents are controlled pursuant to State law throughout the State, regardless of whether maximum rents are actually in effect in every locality of the State.

“(o) In order to compensate for increases which have occurred in costs and prices, the maximum rent in effect on the date of enactment of this subsection for any housing accommodation shall, upon sworn application, be increased to 120 per centum of the following: The maximum rent for the housing accommodation in effect on June 30, 1947 (or if no maximum rent was then in effect for the housing accommodation, the maximum rent then in effect for comparable housing accommodations), plus the amount of any increase allowed or allowable under this Act for major capital improvements or for increases in living space, services, furniture, furnishings, or equipment, and minus any decrease required or requirable under this Act for decreases in living space, services, furniture, furnishings, or equipment, or for substantial deterioration or failure to perform ordinary repair, replacement, or maintenance. Any increase in a maximum rent applied for under this subsection which is based upon the maximum rent in effect on June 30, 1947, for the particular housing accommodation and upon increases and decreases actually allowed under this Act shall be effective upon the filing of the application. Nothing in this subsection shall require the reduction of any maximum rent, nor prevent such additional adjustment for increases in costs and prices as the President may deem appropriate.”

SEC. 204. Section 205 of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

"SEC. 205. (a) Any person who demands, accepts, receives, or retains any payment of rent in excess of the maximum rent prescribed under the provisions of this Act, or any regulation, order, or requirement thereunder, shall be liable to the person from whom such payment is demanded, accepted, received, or retained (or shall be liable to the United States as hereinafter provided) for reasonable attorney's fees and costs as determined by the court, plus liquidated damages in the amounts of (1) \$50, or (2) not more than three times the amount by which the payment or payments demanded, accepted, received, or retained exceed the maximum rent which could lawfully be demanded, accepted, received, or retained, as the court in its discretion may determine, whichever in either case may be the greater amount: Provided, That the amount of such liquidated damages shall be the amount of the overcharge or overcharges if the defendant proves that the violation was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation.

"(b) Any person who unlawfully evicts a tenant shall be liable to the person so evicted (or shall be liable to the United States as hereinafter provided) for reasonable attorney's fees and costs as determined by the court, plus liquidated damages in the amounts of (1) one month's rent or \$50, whichever is greater, or (2) not more than three times such monthly rent, or \$150, whichever is greater: Provided, That the amount of such liquidated damages shall be the amount of one month's rent or \$50, whichever is greater, if the defendant proves that the violation was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation.

"(c) Suit to recover liquidated damages as provided in this section may be brought in any Federal court of competent jurisdiction regardless of the amount involved, or in any State or Territorial court of competent jurisdiction, within one year after the date of violation: Provided, That if the person from whom such payment is demanded, accepted, received, or retained, or the person wrongfully evicted, either fails to institute an action under this section within thirty days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the United States may settle the claim arising out of the violation or within one year after the date of violation may institute such action. If such claim is settled or such action is instituted, the person from whom such payment is demanded, accepted, received, or retained, or the person wrongfully evicted, shall thereafter be barred from bringing an action for the same violation or violations. For the purpose of determining the amount of liquidated damages to be awarded to the plaintiff in an action brought under subsection (a) of this section, all violations alleged in an action under said subsection (a) which were committed by the defendant with respect to the plaintiff prior to the bringing of such an action shall be deemed to constitute one violation and, in such action under subsection (a) of this section, the amount demanded, accepted, received, or retained in connection with such one violation shall be deemed to be the aggregate amount demanded, accepted, received, or retained in connection with all such violations. A judgment for damages or on the merits in any action under either subsection (a) or (b) of this section shall be a bar to any recovery under the same subsection of this section in any other action against the same defendant on account of any violation with respect to

the same person prior to the institution of the action in which such judgment was rendered."

SEC. 205. Section 206 (a) of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

"(a) (1) It shall be unlawful for any person to demand, accept, receive, or retain any rent for the use or occupancy of any controlled housing accommodations in excess of the maximum rent prescribed under this Act, or otherwise to do or omit to do any act, in violation of this Act, or of any regulation or order or requirement under this Act, or to offer, solicit, attempt, or agree to do any of the foregoing.

"(2) It shall be unlawful for any person to evict, remove, or exclude, or cause to be evicted, removed, or excluded, any tenant from any controlled housing accommodations in any manner or upon any grounds except as authorized or permitted by the provisions of this Act or any regulation, order, or requirement thereunder, and any person who lawfully gains possession from a tenant of any controlled housing accommodations, and thereafter fails fully to comply with such requirements or conditions as may have been imposed for such possession by the provisions of this Act or any regulation, order, or requirement thereunder, shall also be deemed to have unlawfully evicted such tenant and shall be liable to such tenant, or to the United States, as provided in this Act."

SEC. 206. Section 202 (a) of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

"(a) The term 'person' includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: Provided, That no punishment provided by this Act shall apply to the United States, or to any such government, political subdivision, or government agency."

SEC. 207. (a) The first sentence of section 202 (c) (1) (A) of the Housing and Rent Act of 1947, as amended, is amended by striking out the following: "which is located in a city of less than two million five hundred thousand population according to the 1940 decennial census and".

(b) Section 202 (c) (1) (B) of the Housing and Rent Act of 1947, as amended, is repealed.

(c) The proviso in section 204 (h) of the Housing and Rent Act of 1947, as amended, is repealed.

SEC. 208. Section 202 (d) of the Housing and Rent Act of 1947, as amended, is amended by inserting after "204 (i) (1) or (2)" the following: ", 204 (k), or 204 (l)".

SEC. 209. The first sentence of section 204 (b) (1) of the Housing and Rent Act of 1947, as amended, is amended by striking out "(h) and (i)" and inserting in lieu thereof "(h), (i), (k), (l), and (o)".

SEC. 210. Nothing in this Act or in the Housing and Rent Act of 1947, as amended, shall be construed to require any person to offer any housing accommodations for rent.

SEC. 211. (a) The last sentence of section 4 (c) of the Housing and Rent Act of 1947, as amended, is amended by inserting after the word "section" the following: "for persons engaged in national defense activities and".

(b) *Section 4 (e) of the Housing and Rent Act of 1947, as amended, is amended by striking out "July 31, 1951" and inserting in lieu thereof "June 30, 1952".*

(c) *Section 4 of such Act is amended by adding at the end thereof the following new subsection:*

"(f) For the purposes of this section, any parent of a member of the armed forces of the United States who lost his life in the armed services of the United States since September 16, 1940, shall be considered to be a member of the family of a veteran of World War II."

SEC. 212. Section 215 of the Independent Offices Appropriation Act, 1946 (59 Stat. 134), and section 213 of the Independent Offices Appropriation Act, 1947 (60 Stat. 81), are hereby repealed.

And the House agree to the same.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
ALBERT RAINS,
JESSE P. WOLCOTT,
RALPH A. GAMBLE,
HENRY O. TALLE,

Managers on the Part of the House.

BURNET R. MAYBANK,
A. WILLIS ROBERTSON,
JOHN SPARKMAN,
J. ALLEN FREAR, Jr.,
HOMER E. CAPEHART,
JOHN W. BRICKER,
IRVING M. IVES,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The conferees have agreed to a substitute for both the Senate bill and the House amendment. Except for technical, clarifying, and conforming changes, the following statement explains the differences between the House amendment and the substitute agreed to in conference.

IMPORTS ON FATS AND OILS

The House amendment added a new section to title I of the Defense Production Act of 1950 providing that no imports of certain fats and oils, peanuts, butter, cheese, and other dairy products and rice and rice products shall be admitted to the United States until after June 30, 1953, which would—

(a) impair or reduce the domestic production of any such commodity or product below present production levels, or below such higher levels as the Secretary of Agriculture may deem necessary in view of domestic and international conditions, or (b) interfere with the orderly domestic storing and marketing of any such commodity or product, or (c) result in any unnecessary burden or expenditures under any Government price support program.

The Senate bill contained a generally similar provision. The conference substitute adopts this provision but provides that (1) the three findings with respect to the respective commodities are to be made by the Secretary of Agriculture, (2) the provision is to apply until June 30, 1952, and (3) the President shall exercise the authority provided in the provision.

ACQUISITION OF REAL PROPERTY

Section 201 of the Defense Production Act of 1950 authorizes the President to requisition both real and personal property under certain circumstances. The House amendment amended this section so as to provide that real property shall not be requisitioned, but may be acquired by condemnation (as well as by other means of transfer) where necessary for the national defense. Safeguards are provided in connection with the use of this condemnation power: Prior negotiation is required, except where undue delay would result; possession may not be ordered surrendered until after a declaration of taking has been filed and deposit made into court; except where title is in dispute 75 percent of the deposit must be paid to the owner on application. The House amendment also provided that before property

is acquired under section 201 for the armed services, agreement must be reached with the Senate and House Committees on Armed Services. The Senate bill contained no provision dealing with condemnation. The conference substitute follows the language of the House amendment except that it permits the requisitioning of certain real property (equipment, facilities, buildings, and other structures) which is to be demolished and used as scrap or is to be removed and used as second-hand material; and the provision relating to the Senate and House Committees on Armed Services is not included.

PURCHASES FOR GOVERNMENT USE OR RESALE

Section 303 (a) of the Defense Production Act of 1950 authorizes the President to purchase metals, minerals, and other raw materials for Government use or resale. The House amendment made five changes with respect to this authority. (1) The House amendment broadened this authority to include materials generally, rather than only raw materials. (2) Agricultural commodities may not now be purchased under section 303 (a) for resale except for industrial uses or stockpiling; the House amendment continued this restriction as to domestically produced agricultural commodities, but eliminated it as to imported agricultural commodities. (3) Section 303 (a) now provides that no agricultural commodity purchased under it may be sold at less than the higher of (A) the current market price, or (B) the minimum price established under section 407 of the Agricultural Act of 1949 for sales of the commodity by the Commodity Credit Corporation. The House amendment rewrote this provision to cover all commodities purchased under section 303 (a) and to provide that they may not be sold at less than the established ceiling price, or, if there is no established ceiling price, the higher of (A) the domestic market price or (B) in the case of an agricultural commodity, the minimum price established under the provision referred to above for sales by the Commodity Credit Corporation. (4) The House amendment provided that no purchase or commitment to purchase any agricultural commodity calling for delivery more than 1 year after the expiration of the act shall be made under section 303 (a). (5) A provision is now included in section 303 (b) which forbids purchases under section 303 (a) at higher than currently prevailing market prices except under specified circumstances. The House amendment revised this provision so that it applies to purchases at higher than established ceiling prices, or, if there be no established ceiling prices, currently prevailing market prices. The Senate bill contained no such provisions. The conference substitute contains the provisions of the House amendment, with the following changes: (1) Minerals and metals purchased under section 303 (a) may be sold at less than the established ceiling price, but not less than the current domestic market price; (2) the provision barring contracts calling for delivery more than 1 year after the expiration of the act is limited to imported agricultural commodities; and (3) a provision is added that purchases and commitments to purchase under section 303 (a) may not be made for any period extending beyond June 30, 1962.

DIFFERENTIAL SUBSIDIES

The House amendment added a new subsection (c) to section 303 of the Defense Production Act of 1950, authorizing differential subsidy payments on domestically produced materials other than agricultural commodities under certain circumstances. Such payments would be authorized only if the President finds (1) that under generally fair and equitable ceiling prices a decrease in supplies from high-cost sources of a material will result, and that such supplies must be continued to carry out the objectives of the act; or (2) that a temporary increase in cost of production, distribution, or transportation threatens to impair maximum production or supply of any material in any area at stable prices. Where the President finds that such a condition exists the subsection authorizes him to provide for subsidy payments on any domestically produced material other than an agricultural commodity in such amounts and in such manner, and on such terms and conditions, as he determines to be necessary to correct the condition. The Senate bill contains no such provision. The conference substitute follows the language of the House amendment, with the following changes: (1) subsidy payments to continue supplies from high-cost sources may be made only on domestically produced raw or non-processed materials other than agricultural commodities; and (2) the authority to make subsidy payments where a temporary increase in cost of production, distribution, or transportation threatens to impair the production or supply of a material is modified to authorize such payments only in case of a temporary increase in the cost of transportation.

COMPARATIVE EARNINGS STANDARDS

The House amendment provided that no ceiling price shall be decreased, and no increase in a ceiling price shall be denied, on the sole basis of the comparative profits earned before and after June 24, 1950; it also provided that no adjustment in a ceiling price shall be denied on the sole basis of the profits earned by the same seller from sales of other materials or services. The Senate bill contained no such provision. The conference substitute does not contain this provision of the House amendment.

PRICE ROLL-BACKS AND ADJUSTMENTS

The Senate bill provided that after the enactment of S. 1717 no ceiling price shall become effective which is below either (1) the price prevailing just before the date of issuance of the regulation or order establishing such ceiling price or (2) the price prevailing during the period January 25, 1951, to February 24, 1951, inclusive. With respect to nonagricultural commodities the Senate bill permitted price roll-backs to a period before January 25, 1951, if the ceiling price reflects adjustments for increases or decreases in actual factory and labor costs, including reasonable allowances for other costs occurring subsequent to such period.

The House amendment placed a limitation on price roll-backs only with respect to agricultural commodities, including livestock, and

provided that no ceiling shall be established or maintained for any agricultural commodity, including livestock, below 90 percent of the price received (by grade) by producers on May 19, 1951, as determined by the Secretary of Agriculture.

The conference substitute contains the provisions of the House amendment with respect to agricultural commodities including livestock. The committee of conference adopted a new paragraph relating to nonagricultural commodities or services. This provides that after the enactment of S. 1717 no ceiling price shall become effective which is below the lower of the price prevailing just before the date of issuance of the regulation or order establishing such ceiling price or the price prevailing during the period January 25, 1951, to February 24, 1951, inclusive. Price roll-backs are permitted provided the ceiling price either (1) is based upon the highest price received for the material or service between January 1, 1950 and June 24, 1950, inclusive, and reflects adjustments for subsequent increases or decreases in costs occurring prior to July 26, 1951, or (2) are established under regulations issued prior to the enactment of S. 1717. The conference substitute further provides that any person may, upon application and a proper showing of his prices and costs, receive an adjustment of his ceiling prices in the manner prescribed in clause (1) of this paragraph.

This roll-back amendment will permit the Administration to roll back the price of all gougers to a fair and reasonable level but will protect the fair and reasonable profit of those who have merely added to their prewar prices the necessary and unavoidable costs of doing business which they have since incurred.

CEILING PRICES ON MILK

Section 402 (d) (3) of the Defense Production Act of 1950 contains a special provision governing the establishment of ceiling prices for fluid milk in areas not under a marketing agreement or order issued under the Agricultural Marketing Agreement Act of 1937. The House amendment amended this special provision to make it apply to all milk in such areas. The Senate bill contained no provision on this subject. The conference substitute provides that no ceiling prices to producers of milk or butterfat used for manufacturing dairy products shall be issued unless and until the Secretary of Agriculture shall determine that such prices are reasonable in view of certain prescribed standards.

SALARIES FOR PROFESSIONAL SERVICES

The House amendment contained a provision exempting from wage controls wages, salaries, and other compensation paid for professional services. The Senate bill contained no such provision. The conference substitute limits the exemptions from wage controls to the wages, salaries, and other compensation paid to persons employed in prescribed capacities in the medical and legal profession.

EXEMPTION FOR PUBLIC UTILITIES AND COMMON CARRIERS

Section 402 (e) (v) of the Defense Production Act of 1950 exempts from price control rates charged by any common carrier or other

public utility. The House amendment contained a provision which would limit this exemption to any common carrier or other public utility whose proposed increase in any rate or charge is subject to control by a public regulatory authority exercising jurisdiction to approve or disapprove proposed increases in such rates or charges. The Senate bill contained no similar provision. The conference substitute does not contain this provision of the House amendment.

ALLOWANCE FOR GROSS RECEIPTS TAXES

The House amendment provided that where a State or local gross receipts tax or gross income tax is imposed on the sale or delivery of a material or service, the person selling or delivering it may receive for the material or service involved, in addition to the ceiling price, (1) an amount equal to the amount of the tax liability or (2) one cent, whichever is greater. The Senate bill contained no similar provision. The conference substitute retains this provision of the House amendment. It is the intention of the Committee of Conference that the amounts of such taxes shall not be added when the ceiling prices already take into account the gross receipts and gross income taxes.

CUSTOMARY MARGINS FOR SELLERS

The House amendment provided that no action shall be taken under title IV of the Defense Production Act of 1950 which denies to a seller of a material at retail or wholesale his customary percentage margin over his cost of the material during the base period, except as to any one specific item of a line of material sold by him which is in short supply, as evidenced by specific Government action to encourage production of the item. For any excepted item, the House amendment provided that the margin shall not be reduced beyond the amount found by the President, in writing, to be generally equitable and proportionate in relation to the general reductions in the customary margins of all other classes of persons concerned in producing and distributing the item. The Senate bill contained no provision on this subject. The conference substitute follows the language of the House amendment with the following modifications: The House amendment was revised so as to be inapplicable to regulations issued prior to the date of enactment of this amendment. It was also changed to permit the President to comply with its provisions by maintaining customary percentage margins for groups of sellers, or groups of commodities, rather than for each seller of each material. This would facilitate administration of regulations prescribing uniform dollars and cents ceilings or percentage margins for groups of sellers or groups of commodities. The amendment was further changed to provide that the percentage margins are required to be preserved only if shown by the sellers, upon the basis of their records, to be the percentage margins over costs of materials during the period May 24-June 24, 1950.

C. O. D. SALES

The House amendment provided that in the case of c. o. d. sales of any commodity where under established practices of the seller a uniform charge is added to the price to cover mailing costs, an in-

crease in the ceiling price shall be allowed, equivalent to any increase in mailing costs resulting from increased postal rates or charges. No similar provision was included in the Senate bill. The conference substitute does not contain this provision of the House amendment.

ADVISORY COMMITTEES—TITLE IV

The House amendment rewrote section 404 of the Defense Production Act of 1950 to provide that in carrying out title IV (price and wage stabilization) the President shall advise and consult with, and establish and utilize committees of representatives of persons substantially affected by regulations or orders issued thereunder, including representatives of businessmen, farmers, workers, and consumers, and, so far as practicable, give due weight to their recommendations. The Senate bill contained no such provision and neither does the conference substitute.

CONSUMER CREDIT CONTROLS

Consumer credit controls are exercised by the Board of Governors of the Federal Reserve System. The Senate bill provided that in the exercise of such credit controls with respect to new or used automobiles (including taxicabs) designed for the purpose of transporting less than 10 passengers, no down payment shall be required in excess of 33½ percent and that repayment shall not be required in less than 18 months.

The House amendment provided that in exercising consumer credit controls in connection with automobiles the Board could not require a down payment of more than 33½ percent in the case of new automobiles or 25 percent in the case of used automobiles and that in either case repayment could not be required in less than 21 months. In addition the House amendment placed limitations on the exercise of consumer credit controls in other fields as follows: (1) Household appliances (including phonographs, radios and television sets) 15 percent down, 18 months maturity; (2) household furniture and floor coverings, 10 percent down, 21 months maturity; (3) residential repairs, alterations, or improvements 10 percent down, 36 months maturity, and no down payment may be required for roofing or siding repairs, alterations or improvements in advance of completion thereof. It also provided that the down payments required by the Board for automobiles, household appliances, and household furniture and floor coverings may be made in cash or by trade-in or exchange of property, or by a combination of cash and trade-in or exchange of property. In addition, it was provided that the Board shall recognize freight costs on automobiles and make due allowances by further extending maximum maturity in connection with installment credit extended for the purchase of automobiles so as to equalize as nearly as practicable monthly payments throughout the United States. The conference substitute after lengthy discussion follows the language of the House amendment with the following changes: (1) Automobiles, both new and used, 33½ percent down, 18 months maturity; (2) Household furniture and floor covering, 15 percent down 18 months maturity, and (3) the requirement that freight costs on automobiles be recognized and given due allowances by further extending maturities on automobiles is

eliminated. The terms with respect to household appliances and residential repairs, alterations, or improvements remained the same as provided in the House amendment.

REAL ESTATE CREDIT CONTROLS

Under the authority of section 602 of the act, regulation X has been promulgated which sets credit restrictions on homes financed other than through the Government assisted programs such as the FHA and the GI bill. The House amendment contained a provision which was not included in the Senate bill providing that no regulation issued under section 602 of the act shall prescribe a minimum down payment of more than 10 percent, or a maximum maturity of less than 25 years in connection with the purchase of any home where the purchase price does not exceed \$10,000. The Senate bill contained no such provision.

Real estate credit controls on Government assisted financing such as the FHA and GI programs are imposed under authority contained in section 605 of the Defense Production Act. The Senate bill placed a limitation on the exercise of such credit controls with respect to GI home financing so that no more than 6 percent down payment shall be required in connection with the loan on any home guaranteed by the Veterans' Administration pursuant to the Servicemen's Readjustment Act of 1944, as amended, and the transaction price of which home does not exceed \$12,000, except that if, on the basis of residential units started in any three consecutive months, the President finds that the probable number of residential units to be started in a succeeding 12-month period are exceeding 850,000, he may suspend this provision for such period or periods as he shall specify.

The House amendment provided a more general limitation on credit controls exercised over GI home financing in that no more than 6 percent down payment shall be required in connection with the loan on any home guaranteed by the Veterans' Administration pursuant to the Servicemen's Readjustment Act of 1944, as amended, and the cost of which home does not exceed \$12,000, without reference to the number of housing units to be started in any 12-month period.

The committee of conference after full discussion agreed that the provisions dealing with housing credit terms should be considered in connection with the defense housing bill passed by the Senate and pending before the House Committee on Banking and Currency, which bill deals with all phases of the defense housing.

The Committee on Banking and Currency has scheduled immediate consideration on this measure and expect to report the measure to the House for its consideration at an early date. Accordingly the conference substitute does not include the housing credit terms of the House amendment.

STATE REPRESENTATION IN REGIONAL OFFICES

The Senate bill provided that among the policy-making officers of each regional office administering price or wage controls a resident of each State served by the office shall be included if the governor requests such representation. The House amendment contained no such provision, but it is contained in the conference substitute.

LIMITATIONS ON STATISTICAL INFORMATION

Section 109 (d) of the House amendment would have authorized the President, in the interest of the national defense, to dispense with any of the statistical work in which any executive department or establishment is directed by law to engage. The Senate bill contained no such provision and neither does the conference substitute.

EXCLUSIVE JURISDICTION FOR THE FEDERAL COURTS

Section 109 (e) of the House amendment would have provided that Federal courts have exclusive jurisdiction of criminal cases, except where otherwise provided in the Defense Production Act, regardless of the amount in controversy. The Senate bill contained no such provision and neither does the conference substitute.

SMALL DEFENSE PLANTS

The Senate bill rewrote section 701 of the Defense Production Act so as to include comprehensive provisions establishing a Small Defense Plants Administration to assist and encourage small business in making a full contribution to the defense production effort.

The House amendment inserted a new section 714 which established an independent Small Defense Plants Corporation to carry out the same purposes.

In general the powers of the Administration in the Senate bill and the Corporation in the House amendment were similar. Each measure, however, contained certain provisions which were not in the other. The more important of these are as follows:

1. The Small Defense Plants Administration provided for in the Senate bill was placed under the general direction and supervision of the President. The Small Defense Plants Corporation provided for in the House amendment was also subject to the general direction and supervision of the President. However, the House amendment provided that the Corporation should not be affiliated with or be within any other agency or department of the Federal Government. The conference substitute contains this provision of the House amendment.

2. The Senate bill contained a definition of "small business concern" for purposes of this section. This provision was adopted in the conference substitute.

3. The Senate bill provided that the revolving fund of \$50,000,000 authorized for the use of the Corporation should be utilized for the purposes set forth in subsection (b) (1) (B), (C), and (D) of the section. This provision is included in the conference substitute.

4. The House amendment authorized the Administrator of the Corporation to determine and prescribe the manner in which the Corporation's obligations might be incurred and its expenses allowed and paid. This provision is not included in the conference substitute, in accordance with the principles behind the decision to make use of an administration instead of a corporation.

5. The House amendment empowered the Corporation to purchase, lease, or build plants, to purchase or produce equipment and machinery, and to lease, sell, or dispose of such land, plants, and equipment

to small business concerns. This provision was not included in the Senate bill and is not contained in the conference substitute.

6. The Senate bill and the House amendment authorized the Administration and the Corporation to certify to procurement officers as to the competency of the Administration or Corporation to perform Government procurement contracts. The Senate bill authorized the procurement officer to let the procurement contract to the Administration on such terms as might be agreed upon between the Administration and the procurement officer. The House amendment required the procurement officer to let the contract to the Corporation on terms specified by the Corporation. The conference substitute contains the Senate provisions.

7. The House amendment authorized the Corporation to transfer parts, equipment, and facilities to the Reconstruction Finance Corporation and authorized the Reconstruction Finance Corporation to manage the property as the agent of the Corporation. As the Administration would not purchase and build plants and equipment, the Senate bill did not contain a similar provision and the conference substitute does not contain this provision.

8. The Senate bill and the House amendment contained a provision authorizing the taking of action to provide small business concerns with an adequate incentive to engage in defense and essential civilian production and to facilitate the conversion and equipping of plants of small business concerns. The Senate bill contained a clarifying provision specifically excluding the use of subsidies for this purpose. The conference substitute contains the Senate provision.

9. The House amendment authorized the Corporation to certify to the Reconstruction Finance Corporation the amount of funds required to convert small business plants to defense production. As other Senate amendments adopted in the conference substitute provided for similar authorization elsewhere in the section, the Senate bill omitted this provision and the conference substitute does not contain this separate provision.

10. The Senate bill and the House amendment authorized certification to procurement officers with respect to the competency, as to capacity and credit, of small business concerns or groups of such concerns to perform procurement contracts. The House amendment contained a further provision directing the procurement officers to accept such certifications of competency and credit as conclusive. The conference substitute contains this provision with respect to conclusive certification.

11. The House amendment contained a prohibition against granting to prime or subcontractors certificates of necessity under section 124A (e) of the Internal Revenue Code for the construction or acquisition of facilities when other similar productive facilities are available elsewhere. The conference substitute does not contain this provision.

12. The Senate bill and the House amendment contained similar provisions requiring that a fair and equitable percentage of allocated materials be made available to the Administration or Corporation, to be allocated by it to small plants unable to obtain materials from usual sources. In order to prevent upsetting the present arrangements made for small-business concerns by the allocating agencies, the conference substitute provides that a fair and equitable percentage of allocated materials shall be allocated to small plants unable to

obtain the necessary materials and supplies from usual sources. The conference substitute contains the provision, included in both measures, that the percentage shall be determined by the head of the allocating authority after giving full consideration to the claims presented by the Administration.

13. The Senate bill authorized the President to transfer to the Administration any functions, powers, and duties of any department or agency which relates primarily to small business problems. Similar authority was not contained in the House amendment. The conference substitute contains this provision of the Senate bill.

14. The Senate bill contained a provision requiring applicants receiving loans to disclose the names and fees of attorneys or agents employed to expedite applications. The Senate bill also provided that applicants must agree that for 2 years after the loan is made they will not employ any person who served as an officer or employee of the Administration within the year preceding the date of the loan in a job involving discretion with respect to the loan. The House amendment did not contain a similar provision. The conference substitute contains this provision.

15. The Senate bill required the Administration to make a fair charge for the use of Government-owned property and to make and let contracts on a basis that would result in a recovery of direct costs incurred by the Administration. The House bill did not contain a similar provision. The conference substitute contains this provision.

The Senate bill, being an amendment to section 701 of the Defense Production Act, contained certain provisions now in that section. Since the provisions of the conference substitute with respect to the Small Defense Plants Administration are contained in section 714, these provisions have been omitted from the new section 714 and are to be found in section 701.

The committee of conference wishes to emphasize that pending the complete establishment of the new Small Defense Plants Administration, existing administrative aids to small business shall be continued in full force.

RENT CONTROL

The following is a summary of the differences between the House amendment and the conference substitute with respect to rent control:

1. The Senate bill provided that in establishing maximum rents in critical defense housing areas, the President shall give consideration to the rents prevailing during the period May 24, 1950, to June 24, 1950. The House amendment required him to consider the rents prevailing at the time rent control is established. The conference substitute contains the Senate language.

The retention of the Senate language will permit the Administrator to establish rental ceilings based upon levels prevailing during May 24, to June 24, 1950, with appropriate adjustments. This would permit the reduction of those exorbitant rentals charged our service men and others in and around congested defense and military areas to rentals charged for comparable housing accommodations before the impact of the Korean War. It would also permit the imposition of rentals on those Government owned housing projects, such as Oak

Ridge, Tenn., to those prevailing on May 24-June 24, 1950, thus placing such Government-owned projects on a comparable basis with privately owned housing accommodations. This also applies in the case of rentals for housing accommodations in Greenbelt, Md.

2. The House amendment provided that a locality which has been decontrolled as a result of local action under section 204 (j) (3) of the Housing and Rent Act of 1947 shall be entitled to notice of its inclusion within a critical defense rental area, and that maximum rents shall not be established in such locality until 60 days after such notice. If within such 60 days its governing body adopted a resolution finding that any of the criteria required for certification as a critical defense rental area did not exist in such locality, the House amendment provided that the certification as a critical defense housing area shall not be effective with respect to such locality, either for the purpose of establishing maximum rents or for the purpose of suspending real estate construction credit restrictions. These provisions, however, were not to be applicable to housing accommodations occupied by, or by the family of, a member of the Armed Forces stationed at an Armed Forces installation in or adjacent to the locality. The Senate bill did not contain any similar provision and this provision was not retained in the conference substitute.

3. The Senate bill provided for the relaxation of real estate construction credit controls in critical defense housing areas to the extent necessary to encourage construction of housing for defense workers and military personnel. In lieu of this, the House amendment provided for the suspension of such controls in such areas for new housing costing not more than certain specified amounts. The conference substitute provides that when an area has been certified as a critical defense housing area rent control may be imposed provided that credit restrictions on housing have been relaxed by the President to extent necessary to encourage the production of housing for military personnel and defense workers. Under this provision, the agency responsible for the enforcement of rent control is authorized to impose rent ceilings once the President has determined that adequate relaxation of real estate credit controls has taken place.

4. The Senate bill provided that States and localities having State or local rent control shall be excepted from the authority to control rents in critical defense housing areas, unless their rents rise more than the national average, as shown by the rent components of the Consumers' Index of the Bureau of Labor Statistics. The House amendment did not contain such an exception. The conference substitute follows the Senate language.

EXTENSION OF DEFENSE PRODUCTION ACT OF 1950

The House amendment provided that all provisions of the Defense Production Act of 1950 shall terminate June 30, 1952. The Senate bill provided that titles IV, V, and VI of the Act (relating to price and wage stabilization, settlement of labor disputes, and credit controls) shall terminate February 29, 1952, and that the remainder of the act shall terminate June 30, 1953, although it shall be effective after June 30, 1952, only to the extent necessary to aid in carrying

out Government defense contracts made before July 1, 1952. The conference substitute contains the House provision.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
ALBERT RAINS,
JESSE P. WOLCOTT,
RALPH A. GAMBLE,
HENRY O. TALLE,

Managers on the Part of the House.



[Mr. WILEY] are detained on official business.

On this vote the Senator from New Jersey [Mr. SMITH] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from New Jersey would vote "yea" and the Senator from New Mexico would vote "nay."

The result was announced—yeas 35, nays 33, as follows:

YEAS—35

Alken	Gillette	Moody
Bennett	Hendrickson	Mundt
Bricker	Hennings	Nixon
Bridges	Hickenlooper	O'Connor
Butler, Md.	Hoey	Smathers
Byrd	Holland	Smith, Maine
Capehart	Ives	Stennis
Dirksen	Kem	Taft
Douglas	Knowland	Watkins
Dworhak	Lodge	Wherry
Ferguson	McClellan	Williams
Frear	Millikin	

NAYS—33

Benton	Johnson, Colo.	McKellar
Carlson	Johnson, Tex.	Monroney
Clements	Kerr	Morse
Connally	Kilgore	O'Mahoney
Cordon	Langer	Pastore
Eastland	Lehman	Robertson
Ecton	Magnuson	Russell
Green	Malone	Smith, N. C.
Hayden	Maybank	Sparkman
Hill	McCarran	Underwood
Hunt	McFarland	Young

NOT VOTING—28

Anderson	George	Neely
Brewster	Humphrey	Saltonstall
Butler, Nebr.	Jenner	Schoeppel
Cain	Johnston, S. C.	Smith, N. J.
Case	Kefauver	Thye
Chavez	Long	Tobey
Duff	Martin	Welker
Ellender	McCarthy	Wiley
Flanders	McMahon	
Fulbright	Murray	

So Mr. DOUGLAS' amendment to the committee amendment was agreed to.

The VICE PRESIDENT. The question is on agreeing to the committee amendment on page 16, line 2, as amended.

The amendment, as amended, was agreed to.

The VICE PRESIDENT. The next committee amendment will be stated.

The next amendment was, under the subhead "General provisions," on page 16, after line 24, to strike out:

SEC. 205. The Postmaster General may authorize the sale of post route and rural delivery maps, opinions of the Solicitor, and transcripts of hearings before trial examiners at such rates as he determines to be fair and reasonable.

The amendment was agreed to.

The next amendment was, on page 17, line 4, to change the section number from "206" to "205."

The amendment was agreed to.

The next amendment was, under the heading "Title IV—General provision," on page 19, after line 18, to insert a new section, as follows:

SEC. 402. No part of the money appropriated by this act or of the funds made available for expenditure by the Export-Import Bank of Washington which is in excess of 75 percent of the amount required to pay the compensation of all persons the budget estimates for personal services heretofore submitted to the Congress for the fiscal year 1952 contemplated would be employed by the Treasury and Post Office Departments and the Export-Import Bank of

Washington during such fiscal year in the performance of—

(1) functions performed by a person designated as an information specialist, information and editorial specialist, publications and information coordinator, press relations officer or counsel, photographer, radio expert, television expert, motion-picture expert, or publicity expert, or designated by any similar title, or

(2) functions performed by persons who assist persons performing the functions described in (1) in drafting, preparing, editing, typing, duplicating, or disseminating public information publications or releases, radio or television scripts, magazine articles, photographs, motion pictures, and similar material, shall be available to pay the compensation of persons performing the functions described in (1) or (2).

PROPOSED CONSIDERATION OF CONFERENCE REPORT ON DEFENSE PRODUCTION ACT OF 1950

Mr. McFARLAND. Mr. President, if I may have the attention of the Senate I wish to make an announcement. I understand that the conferees have come to an agreement on the disagreeing votes of the two Houses on the amendments of the House to the Defense Production Act of 1950, Senate bill 1717. Quite a number of Senators have requested that the conference report be taken up this evening, in order to avoid a session tomorrow, Saturday.

The conference report has not yet been printed. Of course, the rules do not require that a conference report be printed. However, if any objection is made to taking up the conference report, it should go over until another day, until the report has been printed. It may be that when the conference report is filed, the distinguished Senator from South Carolina [Mr. MAYBANK] may move its consideration. If any Senator desires that it go over, I believe it should go over a day, until tomorrow.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. McFARLAND. Yes.

Mr. MAYBANK. I merely wish to say that I agree with the distinguished majority leader. Some discussion has been had with respect to whether the conference report should be taken up tomorrow or whether it should be postponed until Tuesday. That subject was discussed earlier today. The Defense Production Act expires on Tuesday. Inasmuch as the House requested the conference, the Senate will have to act first on the conference report. Of course, the committee is pleased to do whatever the majority leader desires to have done; but there cannot be a report until tomorrow, and I think it would be extremely unwise to attempt to take up a matter of this magnitude, which involves practically every aspect of American business and life, I may say, without having the report available.

Of course I shall ask unanimous consent to file the report during the recess of the Senate following today's session, at any time up until midnight tonight, provided I am not able to file the report before the Senate take a recess today.

The decision as to whether the Senate shall have a session tomorrow is, of course, up to the majority leader and

the minority leader. I understand that some Senators will not be here on Monday, and therefore there has been a proposal that a session be held tomorrow.

At any rate, I think it would be a mistake to take up this afternoon a matter of this magnitude, although I shall be glad to do whatever the Senate decides to do.

Mr. WHERRY. Mr. President, in view of the statement of the Senator from South Carolina I should like to ask whether it is expected to have the report before the Senate for consideration this afternoon.

Mr. MAYBANK. The report can be filed and can be printed, of course.

Mr. WHERRY. I understand that; but I wish to ask whether the majority leader intends to request consideration of the conference report this afternoon.

Mr. McFARLAND. If the chairman of the committee feels that it would be a mistake to call up the conference report for consideration, today, I certainly do not wish to move that that be done.

The VICE PRESIDENT. All this discussion is out of order, for the report cannot be considered until it is filed.

Mr. MAYBANK. Mr. President, I ask unanimous consent that I may reply.

The VICE PRESIDENT. Is there objection? Without objection, the Senator from South Carolina may proceed.

Mr. MAYBANK. I understood that an attempt was being made to arrange this matter according to the satisfaction of the Senate, and I simply wished to express my personal opinion.

At this time I ask unanimous consent that the conferees on the part of the Senate may be authorized to file the conference report during the recess following today's session, at any time up until midnight tonight.

Mr. McFARLAND. Mr. President, reserving the right to object, I wish to make it plain that, so far as I am concerned, it is quite all right for the Senate to take up the report this afternoon.

Mr. MAYBANK. I shall not object.

Mr. McFARLAND. Because I wish to accommodate the distinguished minority leader, who does not wish to have to be here tomorrow.

However, I feel that the report must be acted on promptly. On the other hand, if any Senator has any objection to considering it, I think such Senator should speak up and should let his position be known.

The VICE PRESIDENT. Is there objection to the request of the Senator from South Carolina that the committee on conference be permitted to file its report during the recess of the Senate following today's session?

Mr. WHERRY. Mr. President, reserving the right to object, although I shall not object, I wish to ask the distinguished Senator from South Carolina whether he means, by his request that the committee be authorized to file its report during the recess of the Senate, that he intends to have the report considered tomorrow, and that, therefore, there will be a session tomorrow, Saturday.

Mr. MAYBANK. Of course, that decision must be made by the majority

leader and the minority leader. I merely request that the report be considered not later than 11 a. m. on Monday, so that it then can go to the House of Representatives on Monday, and can be voted either up or down by Tuesday, because the act expires at midnight on Tuesday.

Mr. WHERRY. Mr. President—

The VICE PRESIDENT. Is the Senator from Nebraska reserving the right to object?

Mr. WHERRY. No; Mr. President, I shall not object to the request in regard to the filing of the conference report; but at this time I should like to say that my understanding of the reason why the distinguished chairman of the committee feels that the conference report should not be debated this afternoon is that he believes a printed report should be available, first.

Mr. MAYBANK. Yes.

Mr. WHERRY. However, even if the report is printed, the printed copies of it will not be available until Saturday, in any event. I realize that probably Senators will be able to go through the report and be ready to debate it by noon on Saturday; but in the final analysis, if the reason why the distinguished Senator does not want the conference report debated this afternoon is that Senators are not familiar with the report and should have an opportunity to study it, it seems to me that the only sensible arrangement would be to have the Senate take a recess from today until Monday.

Mr. MAYBANK. I shall have no objection to having that done. I only state that we cannot have the printed report here today.

I believe that the members of the conference committee will be glad to explain any or all features of the report; but I believe it would be undesirable for the Senate to consider the conference report without having the printed report available, for in that event, objection might be made on that score.

Mr. WHERRY. Mr. President, I shall not object to the request the Senator from South Carolina has made; but it seems to me that we might just as well consider the report today, rather than tomorrow; because even though the report is to be printed, it will not be available until after we have begun the debate, and we shall still depend upon the members of the conference committee to tell us what is recommended by them.

However, if the matter cannot be handled today, I shall not object.

Mr. MAYBANK. Mr. President, I have discussed the matter with the ranking member on the Republican side; and we shall be glad to abide by the decision of the Senate. In any case, we will explain the report fully.

The VICE PRESIDENT. The conference report cannot be considered until it is filed.

Mr. KNOWLAND. Mr. President, reserving the right to object, although I do not intend to object to the request of the Senator from South Carolina for authority to file the conference report following the recess or adjournment of the Senate today, let me say that I shall

object to considering the conference report without having printed copies of the report available to the Members of the Senate. There is involved a most important piece of legislation, affecting 150,000,000 Americans in various capacities and activities, both in agriculture, industry, and otherwise, and also affecting all employees and the entire basic national economy. Therefore, I do not believe the conference report should be acted upon by the Senate without having printed copies of the report available to Senators. So I shall object to having the report considered today.

The VICE PRESIDENT. There is no rule of the Senate which requires that a conference report be printed before it is considered.

On the other hand, the request now before the Senate is that the conference committee be permitted to file its report during the recess of the Senate following today's session.

Is there objection?

Mr. HOLLAND. Mr. President, reserving the right to object, I have no objection whatever to the request for the filing of the report. So far as I am concerned, I should like to see the conference report acted upon today. However, in view of the statement of the Senator from California, it would seem that tomorrow is the earliest time when we can act upon the report.

I hope very much that the majority leader and the minority leader will insist upon having a session of the Senate tomorrow, for the purpose of considering and approving the conference report, because, as is well known to every Member of the Senate, the other branch of Congress has twice within recent days refused to adopt important conference reports, and has returned these matters for further consideration by the conference committee.

We are working against a deadline, in connection with a matter which is of very great importance to the entire Nation. So it seems to me that by tomorrow noon, at the latest, the report should be considered by the Senate.

Mr. LEHMAN. Mr. President—

The VICE PRESIDENT. Is the Senator from New York reserving the right to object?

Mr. LEHMAN. Yes, Mr. President; I am reserving the right to object. Of course, I do not intend to object to the request of the Senator from South Carolina for authority to file the conference report following the session of the Senate today; but if the Senator from California had not objected, I intended to object to having the report considered today.

I wish to add my plea to that of the Senator from Florida to the majority leader and the minority leader for a session tomorrow, at which action can be taken on the conference report.

I add to that a request that the pending bill be temporarily laid aside this afternoon, so that the chairman of the committee can explain the conference report, and so that there can be comments or remarks on it by other Senators if that is deemed desirable. Certainly we would be losing time if we allowed this afternoon to pass without

giving at least informal consideration to the conference report.

The VICE PRESIDENT. There is no way to consider a conference report until it is filed. There is no way by which the Chair could even submit the conference report to the Senate until it is filed; and until the report is filed it is not in order for a Senator to move that the Senate consider it.

Mr. CAPEHART. Mr. President, reserving the right to object, I strongly urge that the Senate meet tomorrow to consider the report after it has been filed and has been printed. I think it is most important that the Senate do so.

I am fearful of delaying action on this matter until Monday, because the law expires at midnight on Tuesday, July 31, and we might well get into some sort of parliamentary difficulty between ourselves and the House of Representatives, because the House also has to approve the conference report. So I think it is most important that the Senate meet tomorrow and consider the report.

The VICE PRESIDENT. The question is on agreeing to the request of the Senator from South Carolina that the conference committee be permitted to file its report during the recess of the Senate following today's session.

Mr. LEHMAN. Mr. President, reserving the right to object—although I do not intend to object to the request of the Senator from South Carolina—let me say that I have listened to the ruling of the distinguished Vice President, and, of course, I fully respect his ruling, which is that until the report is filed, there can be no discussion of it.

However, I renew my request, and ask unanimous consent that as soon as the conference report is filed with the Senate, there be discussion of it this afternoon.

The VICE PRESIDENT. Only one unanimous-consent request can be considered at a time.

The question is on agreeing to the request of the Senator from South Carolina that the conference committee be permitted to file its report during the recess of the Senate following today's session.

Mr. WHERRY. Mr. President, I wish to ask the Senator from New York a question. I think his request should be modified so as to provide that the Senate debate the conference report, provided it is filed when the Senate is in session. It might not be filed until midnight tonight.

Mr. LEHMAN. Mr. President, reserving the right to object, I say to the distinguished minority leader that it is my impression that, by means of unanimous consent, the subject matter contained in the conference report can be discussed even before the report is filed.

The VICE PRESIDENT. The Chair would state that officially the report cannot be taken up for consideration until it is filed. If Senators wish to discuss what they think is in the report, that is another matter; but the report itself cannot be taken up for consideration until it is filed, and in view of the unanimous-consent agreement under which the Senate is operating, the Treasury and Post Office bill would have to be disposed of before the conference report could be taken up, even if it were filed.

Mr. McFARLAND. Mr. President, reserving the right to object, and I shall not object, I wish to make an announcement. We may take up the conference report tomorrow, but I wish to call attention to the fact that on the last vote 28 Senators were absent, and I desire to make a check to determine whether we can get a quorum tomorrow, before I take the responsibility of saying a session will be held.

The VICE PRESIDENT. The only question at the moment is whether there is objection to the committee's filing its report during the recess.

Mr. AIKEN. Reserving the right to object, I understood the Chair to say that there is no Senate rule requiring a conference report to be printed.

The VICE PRESIDENT. That is correct.

Mr. AIKEN. I believe the chairman can request that it be printed. I would inquire of the chairman of the Committee on Banking and Currency whether he intends to have the report printed, so that it will be available to Members of the Senate?

Mr. MAYBANK. Yes; so that it will be available to the Members of the Senate tomorrow?

Mr. AIKEN. Yes; or as soon as it can come before the Senate for action.

Mr. MAYBANK. The report will be ready for Members of the Senate as soon as the Government Printing Office can print it. I may say that unless we proceed tomorrow and get this report to the House Monday, we will encounter the possibility of the report being returned to conference, in which event there will be no law on the subject to which it relates.

Mr. AIKEN. I understand that, but I also agree with the Senator from California that Members of the Senate should have printed copies of the report before it is acted upon.

Mr. MAYBANK. I shall ask that it be printed in order that printed copies may be available tomorrow.

Mr. AIKEN. If that can be done, I shall have no objection at all to the request of the Senator from South Carolina.

Mr. MAYBANK. That is all I ask, but I certainly want to call the Senate's attention to the fact that, as the Senator well knows, the present law expires Tuesday night. The Senate must act first and after that the House must act.

The VICE PRESIDENT. Is there objection to the request that the conference committee be permitted to file its report during the recess?

Mr. AIKEN. Reserving the right to object, may I inquire whether the Printing Office is to be working tonight so that the report can be printed?

Mr. MAYBANK. The chairman of the Banking and Currency Committee will request that that be done, if we are to consider the report tomorrow.

Mr. AIKEN. I shall be satisfied if the chairman makes the request.

The VICE PRESIDENT. The Chair will state that the Government Printing Office works on Friday night, but not on Saturday.

Mr. WHERRY. I should like to ask the Senator from South Carolina, the chairman of the committee, and also members of the committee who may be present, whether the conferees have resolved their differences.

Mr. MAYBANK. There is only one matter left for decision.

Mr. WHERRY. Is the Senator reasonably sure that that can be settled sometime this afternoon?

Mr. MAYBANK. I can speak only for myself, though I think the distinguished Senator from Indiana will agree with me in this statement. Had it not been for the roll-calls in the Senate on the Agricultural, and the Post Office, and Treasury appropriation bills, and had it not been for the roll-calls in the House, I think we would already have finished our work. We would have finished it, had it not been necessary for the House Members to have a vote. The bill to which the report relates is absolutely essential. In my judgment we will conclude our work on it within an hour.

Mr. LEHMAN. Mr. President, reserving the right to object, I, of course, have no intention of objecting to the request of the distinguished chairman of the committee, but I desire to say that when unanimous consent is given today, to present the report during the recess, I shall ask unanimous consent that the distinguished chairman of the committee be permitted to discuss the contents of the report, even prior to the time the report is presented.

The VICE PRESIDENT. It is not necessary to have unanimous consent that the chairman or any other Senator may discuss a report, if he can get recognition and can get the time; but it would not be possible, even by unanimous consent, to consider the conference report until it is filed. The Chair cannot even submit a unanimous consent to take up a conference report which has not been filed.

Is there objection to the committee's filing its report during the recess of the Senate? The Chair hears none, and it is so ordered.

TREASURY AND POST OFFICE DEPARTMENTS APPROPRIATIONS, 1952

The Senate resumed the consideration of the bill (H. R. 3282) making appropriations for the Treasury and Post Office Departments and funds available for the Export-Import Bank of Washington for the fiscal year ending June 30, 1952, and for other purposes.

The VICE PRESIDENT. The next committee amendment was stated before the discussion on the conference report, but it will be again stated for the information of the Senate.

The next amendment was, under the heading "Title IV—General provisions," on page 19, after line 18, to insert a new section, as follows:

SEC. 402. No part of the money appropriated by this act or of the funds made available for expenditure by the Export-Import Bank of Washington which is in excess of 75 percent of the amount required to pay the compensation of all persons the budget estimates for personal services heretofore submitted to the Congress for the

fiscal year 1952 contemplated would be employed by the Treasury and Post Office Departments and the Export-Import Bank of Washington during such fiscal year in the performance of—

(1) functions performed by a person designated as an information specialist, information and editorial specialist, publications and information coordinator, press relations officer or counsel, photographer, radio expert, television expert, motion-picture expert, or publicity expert, or designated by any similar title, or

(2) functions performed by persons who assist persons performing the functions described in (1) in drafting, preparing, editing, typing, duplicating, or disseminating public information publications or releases, radio or television scripts, magazine articles, photographs, motion pictures, and similar material,

shall be available to pay the compensation of persons performing the functions described in (1) and (2).

The VICE PRESIDENT. Without objection, the amendment is agreed to.

The next amendment was, on page 20, line 18, to change the section number from "402" to "403."

The amendment was agreed to.

The VICE PRESIDENT. The clerk will read the amendment which was passed over.

The LEGISLATIVE CLERK. On page 15, line 2, it is proposed to strike out "\$20,000,000" and insert "\$20,800,000."

Mr. FERGUSON. Mr. President, I send to the desk a modified amendment, which I ask to have read. It is an amendment to the committee amendment.

The VICE PRESIDENT. The clerk will read the amendment to the amendment.

The CHIEF CLERK. In the committee amendment, on page 15, line 2, it is proposed to strike out "\$20,800,000" and insert "\$19,723,394, of which not to exceed \$16,205,462 shall be available for personal services."

The VICE PRESIDENT. The Senator from Michigan is recognized for 15 minutes.

Mr. FERGUSON. Mr. President, this amendment, in its present form, simply applies the 10-percent rule to the general administration of the Post Office Department. It applies the rule to the inspection service, which has been the principal source of controversy in consideration of this appropriation item. The Senate committee had invoked the 10-percent rule, but excepted the Bureau of Accounts and the Inspection Service. It is the purpose of this amendment to cover both of those services, as I shall explain later.

It is proposed in the budget request for this item to add 200 postal inspectors to the inspection service, and 35 clerks for a total increase of 235 positions. This would bring total employment in the field service to 1,439. The House acted to deny 120 of those positions on grounds I will discuss later. Although we are dealing in money figures here and cannot apply the 10-percent reduction to positions, if we did so we would find that the 10-percent rule would have the effect of reducing the budget request to 1,296 positions, which

is 92 more than the present number of permanent positions.

On a dollar basis, which is how this amendment and the Senate's 10-percent rule works, we would be reducing personal services in the field for the inspection service from \$7,692,500 to \$6,923,250, which is approximately \$400,000 more than was available last year. I repeat that, Mr. President. It is approximately \$400,000 more than was available last year.

In other words, notwithstanding the cut which is proposed by this amendment, the inspection service in the field would still have \$400,000 in payroll money above what it had last year, and that amount surely is enough to cut into the backlog of the work in the service upon which we have had evidence.

The principal justification for the increases in the inspection service is stated in the committee report, at page 4:

Testimony presented to the committee indicates a huge backlog of work in the inspection service and that savings of funds and improvement of service will result if additional inspectors are provided, especially for the management improvement program.

Throughout the hearings we see repeated emphasis on "the management improvement program." That is a very fine-sounding argument. But Mr. President, let me say that postal inspectors, who may detect and report bad management practices, do not of themselves bring about money saving practices and devices.

In other words, what is the use of inspectors going out to try to improve the service, making reports, and then nothing being done about them? I tried to ask a question of the distinguished chairman of the subcommittee, and he declined, on several occasions, to yield. He stated that we could not improve the service unless we added more men. That is a suggestion with which I disagree. I think I can show to the Senate that it is not correct.

Mr. KILGORE. Mr. President, will the Senator yield?

Mr. FERGUSON. I cannot yield.

What did we find in the city of Boston? We found 86 employees in the postal service drawing pay, getting other persons to check them in, and working on other jobs. Think of it! That had been going on for years. Then we hear talk about adding more inspectors. Why does the Department not use the hundreds of inspectors it already has?

Mr. KILGORE. Mr. President, will the Senator yield?

Mr. FERGUSON. Not at the moment.

The VICE PRESIDENT. The Senator from Michigan declines to yield.

Mr. FERGUSON. The Federal grand jury has returned 24 new indictments.

It has been said that we cannot apply the 10-percent rule in this case, although in one annex in the postal department there have been 86 persons on the payroll who were not doing their work but who had other jobs from which they were drawing money. It is that kind of thing at which we are trying to strike in an effort to bring about some efficiency. That is the reason why the

Senator from Michigan does not agree with the statement that if more persons are on the payroll there will be greater efficiency.

What is wrong with the Federal Government today, so far as inefficiency is concerned, is that there are thousands and thousands too many employees. There can be greater efficiency with a smaller number who will do their work honestly, than with a vast number not performing their duties well. My statement does not mean to imply that there are not a great many hard-working employees in the departments. Many of them in the postal service in Boston were working industriously on hard tasks, but 86 of them were not doing anything. It is such conditions that the Senate must ferret out and strike down.

The Post Office Department is operating with an annual deficit of \$550,000,000, more than a half-billion dollars a year. The answer to that deficit is modernization—modern machines and practices. The answer is not a pyramiding of personnel who merely complicate and add to the deficit picture.

Economy-minded as some of us are, I am very certain that no one in Congress is going to object to any reasonable request which the Post Office Department may submit for modernized machinery and methods which are the money savers. Testifying to that fact is our complete agreement with the inclusion in the appropriation item now under consideration of \$300,000, which came to us as a supplemental request, for the rental of accounting machinery.

But mere added manpower is not the answer to the difficulties of the Post Office Department. I am again reminded of Gen. Bill Knudsen's classic comment after he came to Washington as defense production expeditor in World War II. "The trouble with Washington," he said, "is that everyone here figures an egg will hatch faster if you put two hens on the nest."

This amendment does allow a reasonable increase for the inspection service, almost \$400,000. But it reverts to the 10-percent reduction formula in all phases of the general administration or general overhead item.

Mr. President, there is no reason or logic for not applying the 10-percent rule. The Senate was so convinced that it was the proper rule to apply that by unanimous consent it sent the independent offices appropriation bill back to the committee and ordered the committee to apply it.

The amendment simply raises once again the question of whether the Senate wishes to impose that very sensible limitation upon administrative expense.

Mr. President, administrative expenses are involved. Are we going to apply the 10-percent rule, or are we going to go up the hill as we did in the case of the independent offices bill, and then come down and go into the deficit swamp? That is the question before us. I do not think the Senate will do that.

Mr. KILGORE. Mr. President, I desire to correct an inferred misquotation of my remarks by my distinguished friend from Michigan. I was speaking

about paying transportation, not about employing personnel. There was no personnel involved in the discussion. At no time have I advocated putting two hens on one nest, placing two Senators at one desk, or two postal clerks in one job. We must remember, Mr. President, that last November, in compliance with the Hoover report, the accounting formerly done by the General Accounting Office was transferred, so far as the Post Office Department was concerned. That of itself costs over \$3,185,000 a year, and employs 955 persons, 789 of whom were transferred from the General Accounting Office payroll to the Post Office payroll. This 10 percent applies to the accounting of the Post Office.

Great complaint has been made about the system in Boston. I call the attention of the distinguished Senator to the fact, if he has not already heard it, that the management surveys in his own Detroit post office last year accounted for a saving of about \$200,000. So even in Detroit they are accounting for savings.

Another matter to which I would call attention is that, since it seems to be a general impression that Democrats always favor putting more persons on the payroll and Republicans are against it, there were 1,567 employees in the administrative section of the Post Office Department in Washington in 1933, at the beginning of the year. By 1951, despite the increase in business of the Post Office Department, although at the beginning of 1933 much of the mail was made up of 1-cent postal cards, there had been an increase of only 45 employees, or to a total of 1,612.

Mr. President, I maintain that is a pretty good economy record. With the increase of business, as I cited in my previous remarks, of from 3 to 5½ percent a year, only 45 additional administrative personnel, in all categories, were appointed in the general office in Washington.

As to the addition in the number of inspectors, of whom there are only about 800 to cover the entire United States, it is generally acknowledged that the shortage of inspectors was really the cause of the scandal in the Boston office, because there was no one to check there, and when a check was made the situation had developed which was then found to exist.

Mr. President, there is pending before the Senate a bill to make up the deficit in the account of a postmaster in California. At least the California Senators and Representatives and the chamber of commerce admit that this deficit was occasioned because of lack of inspection of the post office in question.

The House committee in its report said there should be 200 more inspectors, but did not recommend appropriation of money to employ them. The Senate committee recommended an appropriation to pay for only 80 new inspectors.

Mr. ECTON. Mr. President, will the Senator yield?

Mr. KILGORE. I yield.

Mr. ECTON. Is it not true that, if the 10-percent cut in personnel were applied to this appropriation bill, the deficit would actually be increased? The

The Senator from Minnesota [Mr. THYE] is absent by leave of the Senate on official business.

The Senator from Ohio [Mr. BRICKER], the Senator from New Hampshire [Mr. BRIDGES], the Senator from Indiana [Mr. CAPEHART], the Senator from Pennsylvania [Mr. DUFF], and the Senator from Utah [Mr. WATKINS] are detained on official business.

The result was announced—yeas 63, nays 0, as follows:

YEAS—63

Aiken	Hoey	Millikin
Bennett	Holland	Monroney
Benton	Hunt	Moody
Butler, Md.	Ives	Morse
Carlson	Johnson, Colo.	Mundt
Chavez	Johnson, Tex.	Nixon
Clements	Kem	O'Connor
Cordon	Kerr	O'Mahoney
Dirksen	Kilgore	Pastore
Douglas	Knowland	Schoeppel
Dworshak	Langer	Smathers
Eastland	Lehman	Smith, Maine
Eaton	Lodge	Smith, N. J.
Ellender	Magnuson	Sparkman
Ferguson	Malone	Stennis
Frear	Maybank	Taft
Green	McCarran	Underwood
Hayden	McCarthy	Wherry
Hendrickson	McClellan	Wiley
Hickenlooper	McFarland	Williams
Hill	McKellar	Young

NOT VOTING—33

Anderson	Flanders	McMahon
Brewster	Fulbright	Murray
Bricker	George	Neely
Bridges	Gillette	Robertson
Butler, Nebr.	Hennings	Russell
Byrd	Humphrey	Stanton
Cain	Jenner	Smith, N. C.
Capehart	Johnston, S. C.	Thye
Case	Kefauver	Tobey
Connally	Long	Watkins
Duff	Martin	Welker

The VICE PRESIDENT. On this vote the yeas are 63, the nays none. Two-thirds of the Senators present and voting having voted in favor of the motion to suspend the rule, the rule is suspended.

Does the Senator from Illinois desire to offer his amendment?

Mr. DOUGLAS. I offer my amendment, Mr. President.

The VICE PRESIDENT. The amendment offered by the Senator from Illinois will be stated.

The CHIEF CLERK. On page 17, after line 5, it is proposed to insert a new section, as follows:

SEC. 206. Section 6 of the act entitled "An act to reclassify the salaries of postmasters, officers, and employees of the Postal Service; to establish uniform procedures for computing compensation; and for other purposes," approved July 6, 1945, is amended—

(1) by striking out "fifteen" wherever it appears therein and inserting in lieu thereof "twenty"; and

(2) by striking out "one and one-quarter" wherever it appears therein and inserting in lieu thereof "one and two-thirds."

The amendment made by this section shall be effective as of July 1, 1951.

Mr. CARLSON. Mr. President, I offer an amendment to the amendment of the Senator from Illinois.

The VICE PRESIDENT. The amendment offered by the Senator from Kansas to the amendment of the Senator from Illinois will be stated.

The CHIEF CLERK. After clause (2) between lines 2 and 3 on page 2 of the

amendment of Mr. DOUGLAS, it is proposed to insert the following:

(3) By adding at the end thereof a new paragraph as follows:

"Employees in the postal service whose appointments are temporary or indefinite in character and for not less than 90 consecutive days, shall be granted, under such regulations as the Postmaster General shall prescribe, the same rights and benefits with respect to annual and sick leave that accrue to regular employees, and each such employee shall receive credit for one-twelfth of a year for each whole calendar month such employee is carried on the roll as a temporary or indefinite employee: *Provided*, That the provision of this paragraph shall not apply to substitute rural carriers."

"The amendments made by clauses (1) and (2) of this section shall be effective as of July 1, 1951, and the amendment made by clause (3) of this section shall be effective as of December 1, 1950, but shall not apply in the case of any person who has been separated from the postal service prior to the date of enactment of this act."

Mr. CARLSON. Mr. President, this amendment really takes care of temporary postal employees who have come into the service following the adoption of the Whitten amendment, and cannot become permanent employees because of that situation. We took care of them in the leave bill which the Senate passed a few days ago.

These are not additional employees who were all taken care of in the graduated leave provision approved by the Senate. This amendment merely completes the list by including the temporary employees. I think it is only fair that they should be included. They would be permanent employees at the present time except for the Whitten amendment, which provides that they must remain temporary employees during the emergency. That may continue for a long period of time.

I sincerely hope that my amendment to the amendment will be accepted.

Mr. DOUGLAS. Mr. President, I am very glad to accept the amendment of the Senator from Kansas.

Mr. KILGORE. Mr. President, I shall be glad to accept the amendment as offered, and take it to conference. I have never believed in legislation on appropriation bills, and for that reason I raised the point of order. But I do not believe that we should discriminate against any class of Government employees.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Kansas [Mr. CARLSON] to the amendment of the Senator from Illinois [Mr. DOUGLAS].

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DOUGLAS] as amended.

Mr. DOUGLAS. Mr. President, there is one point which I think should be thoroughly in the minds of Senators before we take a final vote, and that is that if the amendment to the independent offices bill reducing leave for other Government employees is not finally approved then in my judgment, at least, this amendment should not be pushed.

In other words, the action of the conferees on this bill should be integrated with the decisions of the conference committee on the independent offices bill in order that we may get a net saving out of this and not merely an increased expense.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Illinois [Mr. DOUGLAS], as amended.

The amendment, as amended, was agreed to.

The VICE PRESIDENT. The bill is open to further amendment. If there be no further amendment, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

Mr. HAYDEN. Mr. President, I move to reconsider the vote by which the committee amendment on page 15, lines 14 and 15, was agreed to. If the motion prevails, I shall move to strike the figure "\$1,852,100,000," in line 15, and insert in lieu thereof the figure "\$1,882,100,000."

The VICE PRESIDENT. The Chair understands that the Senator from Arizona was inquiring at the desk about the procedure at the time the Chair ordered the third reading of the bill. Therefore, the Chair will suspend the order for the third reading.

Mr. HAYDEN. What I am trying to do is to provide money to carry out the action of the Senate.

Mr. FERGUSON. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. Does the Senator from Arizona yield for that purpose?

Mr. HAYDEN. Yes.

Mr. FERGUSON. Did not the Chair order the third reading of the bill?

The VICE PRESIDENT. The Chair has explained that at the time he made the order, the Senator from Arizona [Mr. HAYDEN] was at the desk inquiring about the procedure to follow. Therefore, the Chair felt that the order for a third reading should be rescinded.

Mr. HAYDEN. Financial honesty requires that when the Senate adopts an amendment which increases the cost of postal operations by \$30,000,000 a year it should provide \$30,000,000 in the bill by way of appropriation. That is what my amendment would do.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. FERGUSON. Would it not be proper, inasmuch as there is some doubt, according to the statement of the Senator from Illinois [Mr. DOUGLAS], as to the exact amount involved, that the expenditure involved in the amendment which has been adopted should be provided for by a supplemental appropriation bill? The Senator from Illinois, I am sure, does not know the exact figure.

Mr. HAYDEN. The Senator's estimate was from \$30,000,000 to \$35,000,000.

Mr. DOUGLAS. That was an estimate only.

Mr. FERGUSON. It seems to me that provision should be made through the regular channels in a supplemental appropriation bill. We are dealing only with an authorization. We should not act on an appropriation without the matter going through the Committee on Appropriations.

Mr. HAYDEN. If it should turn out that it is not necessary to include such an amendment, the conference committee can reduce the amount by \$30,000,000. However, the Senate having voted a charge against the Treasury it should also be willing to put the money in the Treasury with which to pay the bill.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. DOUGLAS. Should not the same logic of the Senator from Arizona be followed in the case of the independent offices appropriation bill, that the amount should be diminished by the fraction which will be saved by the adoption of the leave provision?

Mr. HAYDEN. The money was not added to the independent offices bill.

Mr. DOUGLAS. The money would be subtracted from the amount needed for the agencies covered by the independent offices bill. Therefore, if we provide the money for the increased costs of the Post Office Department we should provide a method by which we can recoup the gains which we would make in the other governmental offices.

Mr. HAYDEN. I wish to make it clear to the postal clerks of the United States that if the Senate grants them an increased leave period, the money will be available with which to pay for them.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. MORSE. Does it not answer the Senator from Illinois to say that under the fiscal policies of the Government, so far as the independent offices bill is concerned, the money would automatically revert if it were not expended?

Mr. DOUGLAS. We have had too much experience in that regard.

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Illinois?

Mr. HAYDEN. I do.

Mr. DOUGLAS. We have had too much experience with governmental agencies to expect that any money which has been appropriated to them will be returned to the Treasury. They will speed up in the last 2 weeks of the fiscal year to spend it for some purpose. Therefore, the thought expressed by the Senator from Oregon with respect to the possibility of getting heads of agencies voluntarily to return unspent funds is touching, but I believe ill-founded.

Mr. FERGUSON. Mr. President, will the Senator from Arizona yield?

Mr. HAYDEN. I yield.

Mr. FERGUSON. Is it clear that this is under the heading of postal operations?

Mr. HAYDEN. Yes.

Mr. FERGUSON. The \$30,000,000 would not be applied directly or specifically to the leave?

Mr. HAYDEN. There would be no question about it.

Mr. FERGUSON. It could be used for anything which is provided for under postal operations?

Mr. HAYDEN. That is correct; if we were to add \$30,000,000 there would be no question about what it was intended for.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. CARLSON. I wish to state to the Senator from Arizona that I would support his motion if I did not have some question as to the exact amount that would be needed. My figures show that \$23,000,000 will be needed. I should think that the proper way of handling the matter would be to wait to see whether the bill becomes law. If it becomes law, a deficiency appropriation bill could be passed for the exact amount required.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. Does the Senator from Arizona yield for that purpose?

Mr. HAYDEN. Yes.

Mr. WHERRY. Of course, the amendment has been offered by the distinguished Senator from Arizona, and he is in charge of his own time. Who is in charge of the opposition time?

The VICE PRESIDENT. The Senator from Arizona has made a motion to reconsider the vote by which the Senate agreed to the amendment. It is not actually an amendment which is pending; it is a motion to reconsider a vote.

Mr. WHERRY. As I understand, time is allotted on motions, as well as on amendments.

The VICE PRESIDENT. Fifteen minutes is allowed to each side. The Senator from Arizona controls 15 minutes and the Senator from West Virginia [Mr. KILGORE] controls 15 minutes.

Mr. MORSE. Mr. President, will the Senator from Arizona yield?

Mr. HAYDEN. I yield.

Mr. MORSE. I am trying to find out what the fiscal practices of the Government are. The comment of the Senator from Illinois interests me very much. He said that a department would proceed to spend money for purposes for which it was not appropriated.

Mr. HAYDEN. The Bureau of the Budget keeps a very careful check on departmental expenditures. They have the power to impound money. I have no doubt that if there were an excess which was not needed the money would be promptly impounded by the Bureau of the Budget.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Arizona [Mr. HAYDEN]. [Putting the question.] The "noes" seem to have it. The "noes" have it, and the motion is not agreed to.

The bill is open to further amendment. If there be no further amendment, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The VICE PRESIDENT. The question is on the final passage of the bill.

The bill (H. R. 3282) was passed.

Mr. KILGORE. Mr. President, I move that the Senate insist upon its amendments, request a conference thereon with the House, and that the Chair appoint the conference on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. KILGORE, Mr. MAYBANK, Mr. McCLELLAN, Mr. McKELLAR, Mr. JOHNSTON of South Carolina, Mr. ECTON, Mr. BRIDGES, and Mr. SALTONSTALL, conferees on the part of the Senate.

EXTENSION OF DEFENSE PRODUCTION AND HOUSING AND RENT ACTS—CONFERENCE REPORT

Mr. McFARLAND. Mr. President, earlier in the day I made an announcement with regard to the conference report on the Defense Production Act. I understand that the conferees have now agreed, and that the action of the conferees is unanimous. There should not be any controversy in regard to the report. The conference committee worked practically all night. I do not like to see the Senate come back tomorrow to vote on a conference report which has been unanimously agreed to by the conference committee. Surely after the members of a conference work all night and present a unanimous report, we ought to be willing to work another hour and agree to the conference report tonight. I hope the distinguished Senator from South Carolina [Mr. MAYBANK] will move to consider the conference report and that it may be adopted.

Mr. MAYBANK. Mr. President, I appreciate the compliment the Majority Leader has paid me. I may say that all the conferees, those on the part of the Senate and those on the part of the House, were in agreement. We worked not only until 5 o'clock this morning, but also from about 2:30 p. m. today—we were delayed in starting—until a few minutes ago, and we worked all day the day before, and many days prior to that.

I am perfectly willing to make a short statement on the conference report now, if that is desired.

The VICE PRESIDENT. Does the Senator from South Carolina request unanimous consent that the conference report be considered at this time?

Mr. MAYBANK. Yes, Mr. President, I submit the conference report and ask unanimous consent for its present consideration.

The VICE PRESIDENT. Is there objection to the request for the present consideration of the conference report?

There being no objection, the Senate proceeded to consider the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

(For conference report, see today's proceedings of the House of Representatives.)

Mr. MAYBANK. Mr. President, I merely wish to say that we felt we did the best we could for the 150,000,000 peo-

ple of America. The conference report is neither a Republican nor a Democratic report; it is an American conference report.

At the outset, Mr. President, I would like to state that, while the Senate conferees are unanimous in reporting the conference report, that does not mean that we agree with all the provisions in the legislation. On the contrary, there are numbers of provisions which I believe could be great strengthened. Others in my judgment, may cause some price advances which should not be allowed or may not be justified. But all in all I think we got the best inflation and production control bill possible.

The report makes no great changes in the present law. We have retained the right of the Congress to eliminate by concurrent resolution any section which the Congress may desire to eliminate.

The bill continues in pretty much the same way the present provisions on allocations and priorities. There are some refinements and improvements that experience has shown to be necessary. We have included the rent-control bill almost in the same form in which the Senate passed it. We succeeded in rejecting two serious weakening amendments in the House bill.

Both House and Senate conferees, in substance agreed that there may be certain increases up to 20 percent in rent over 1947, but beyond that no additional increases can be made.

The Secretary of Defense or the Secretary of War Mobilization are given authority to declare certain critical areas defense areas, and, therefore, to have rent control apply to them. That provision would apply to Oak Ridge, Tenn., if the Secretary declared it to be a critical defense area, and I hope he does because in my judgment, of course, it is a defense area; but this provision of the law would have to go into effect before the Secretary could make such a declaration; and the same is true in the case of Hanford. We included in the definition of a person, Government-owned housing so they would be subject to Federal rent control just as any privately run housing operation is. I certainly hope that the passage of this act will stop some of the outrageous rent increases that are about to go into effect in Oak Ridge, Greenbelt, and other Government-owned projects. The conferees eliminated some of the House provisions and also some of the Senate's provisions.

As indicated before I do not think any one of the conferees would say he was in favor of every section or every part of the conference report, because the report is of such wide scope and it affects so many persons that naturally there could be no such agreement. However, we did agree to the fundamental provision to control inflation as set forth in the conference report, and we worked until 5 o'clock this morning to make certain that the present law would not expire without a new law to take its place.

We accepted the so-called Bow amendment of the Congressman from Ohio, which permits State control where a State regulatory body exists over natu-

ral gas lines, rather than allowing Federal control.

The principal amendment to which we agree was, of course, the roll-back amendment.

For the amendment on roll-backs, on page 12 of the bill, we substituted the following:

(4) After the enactment of this paragraph no ceiling price on any material (other than an agricultural commodity) or on any service shall become effective which is below the lower of (A) the price prevailing just before the date of issuance of the regulation or order establishing such ceiling price, or (B) the price prevailing during the period January 25, 1951, to February 24, 1951, inclusive. Nothing in this paragraph shall prohibit the establishment or maintenance of a ceiling price with respect to any material (other than an agricultural commodity) or service which (1) is based upon the highest price between January 1, 1950 and June 24, 1950, inclusive, if such ceiling price reflects adjustments for increases or decreases in costs occurring subsequent to the date on which such highest price was received and prior to July 26, 1951 or (2) is established under a regulation issued prior to the enactment of this paragraph. Upon application and a proper showing of his prices and costs by any person subject to a ceiling price, the President shall adjust such ceiling price in the manner prescribed in clause (1) of the preceding sentence. For the purposes of this paragraph the term "costs" includes material, indirect and direct labor, factory, selling, advertising, office, and all other production, distribution, transportation and administration costs, except such as the President may determine, to be unreasonable and excessive.

And I may say that we took the House version permitting no ceilings to be established or maintained for any agricultural commodity below 90 percent of the price received—by grade—by producers on May 19, 1951, as determined by the Secretary of Agriculture. Of course, no ceiling could be placed below the parity price for the commodity.

Mr. HOLLAND and Mr. KNOWLAND addressed the Chair.

The VICE PRESIDENT. Does the Senator from South Carolina yield; and if so, to whom?

Mr. MAYBANK. The Senator from Florida was the first to ask me to yield; therefore, I yield to him at this time.

Mr. HOLLAND. Mr. President, would the effect of the last-mentioned provision adopted by the conferees be, in the case of the beef roll-backs, to approve the 10-percent roll-back already placed in force, but to disapprove the two additional ones?

Mr. MAYBANK. The Senator from Florida is entirely correct. We agreed as to the 10-percent roll-back which has been made, but we disagreed as to any further roll-backs.

We accepted the amendment nullifying the authority to establish slaughtering quotas, as adopted by the Senate and by the House. The Senate conferees did agree themselves to a slaughter-control provision and offered it to the House conferees, but they rejected it on the grounds that a point of order would be made to it in the House.

Of course, I myself did not vote for that amendment in the Senate; I understood from the Parliamentarian that

although a provision which was identical in both House and Senate bills could be deleted from a conference report because the both bills were in disagreement and the House substituted their language for the Senate's and there was serious question it could be according to the House rules. So the slaughtering quota amendment remains in the form in which it was passed by the Senate, without any change.

In that connection, I have introduced a bill in which the Senator from Wyoming will join me as a cosponsor, and hearings will be held on it tomorrow; at that time we shall hear the views of the witnesses who appear as to how we may correct any black-market situation, which I know both the Senate and the House would like to have corrected. That was the situation in regard to beef. In the end, I stood by the conferees, of course.

Now I yield to the Senator from California.

Mr. KNOWLAND. Mr. President, I should like to ask the able Senator from South Carolina in regard to the following situation: In California we have, as I assume is true in many other States, publicly owned public utilities. For instance, the bureau of light and power in the city of Los Angeles and the East Bay Utility District are two examples. They are public bodies under the State law. Their directors are elected by a vote of the people or are selected under the laws of the State to operate these publicly owned utilities. As I understand, they do not come under the regulatory power, which in the case of our State is the State railroad commission, in the way that privately owned public utilities do. It is a public body, as I have pointed out.

Does the language as it now appears in the conference report give the Administrator power to regulate the rates of a publicly owned, publicly regulated utility?

Mr. MAYBANK. Absolutely not. The House did have a provision, the Kennedy amendment, to which we refused to agree.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. CAPEHART. In other words, wherever a State or a municipality regulates the rates, the Federal Government under the law will have no right to regulate them.

Mr. KNOWLAND. The only question which arises is due to the language of the Kennedy amendment, which seemed at least to imply that in the case of agencies which were not regulated by a State regulatory commission or a State public-utilities commission—for instance, in the case of the East Bay Public Utility District and the Bureau of Light and Power of Los Angeles, which are public bodies—the administrator could regulate the rates. Of course, those two bodies do not come under the State regulatory commission, but set their own rates as a public regulatory agency of the State. I want to make certain what their situation will be.

Mr. MAYBANK. I assure the Senate that the conferees on the part of the Senate stood adamant, as I said, against the so-called Kennedy amendment, and did not include in the conference report any provision which would give any additional power to the Office of Price Stabilization to regulate any public utility rates, whether relating to water, light, heat, or telephones.

Mr. O'CONOR. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. O'CONOR. I should like to ask the Senator from South Carolina whether any provisions are included which, in the event roll-backs are permitted, would allow cost adjustments.

Mr. MAYBANK. That is correct. The House amendment was amended by the Senate. Although the Senate conferees did not wish to accept the amendment, we finally accepted it, and, if the Senator desires, I will read the language of it.

Mr. O'CONOR. Will the Senator read it now, or at a later time?

Mr. MAYBANK. I will read it now, if the Senator desires. I shall be glad to read it. The Senator—I did not hear exactly his whole question—I believe it is referring to the House amendment relating to margins which have been customary over a period of years, the way we finally agreed to accept the amendment. Instead of putting it on an individual shop and material basis we put it on a collective basis. In other words, instead of allowing a hardware storekeeper to adjust his ceiling price on each of the thousands of items he sells, hardware storekeepers, for example, might be allowed a margin which would be determined for the group for all items or a group of items.

Mr. KILGORE. Mr. President, will the Senator yield for a question?

Mr. MAYBANK. I yield.

Mr. KILGORE. I wish to go one step further in connection with what the Senator from California was asking. Where a State has a regulatory body for the purpose of regulating both private and public utilities, under the interpretation of the Senator from South Carolina, the OPS would not have authority over such public regulatory bodies, would it?

Mr. MAYBANK. It would have no authority over State regulatory bodies.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield to the Senator from Alabama.

Mr. SPARKMAN. If I may, I should like to reply to the question asked by the distinguished Senator from Maryland.

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Alabama for that purpose?

Mr. MAYBANK. I yield.

Mr. SPARKMAN. With reference to people being protected in connection with the costs, and in connection with roll-backs, here is the exact language—

Mr. MAYBANK. I understood the Senator to be talking about the customary margin amendment.

Mr. SPARKMAN. I think he had this in mind also:

Upon application and a proper showing of his prices and costs by any person subject to a ceiling price, the President shall adjust such ceiling price in the manner prescribed in clause 1 of the preceding sentence. For the purposes of this paragraph, the term "costs" includes material, indirect and direct labor, factory, selling, advertising, office and all other production, distribution, transportation, and administration costs, except such as the President may determine to be unreasonable and excessive.

Mr. MAYBANK. In other words, if the price of anyone's product is rolled back—and it can be rolled back to pre-Korea—his increased costs since the date must be taken into consideration. If the Senator desires me to read the provision regarding costs, I shall be glad to do so. It was our idea that some gougers and dishonest firms have taken advantage of the situation since Korea and their prices should be rolled back. On the other hand, we did not wish to leave it wide open to the rolling back of 75,000 or 80,000 honest businesses, which, through no fault of their own, were required to pay an increased cost of materials, increased cost of labor, and increased transportation; the costs of which have increased excessively in many cases, in connection with freight rates, and so forth. All of that had to be taken into consideration. We also stated that the President—and of course, he will delegate this authority to Mr. Wilson—could disallow any excessive charge or costs which had not existed in previous years.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield to the Senator from California.

Mr. KNOWLAND. The Senator from South Carolina, of course, and all those who served on the conference committee, have an advantage over the rest of us, who have not had an opportunity to read the report and to know what actually happened; so I want to make a few inquiries in order to clarify certain points.

Mr. MAYBANK. I may say to my distinguished friend from California that I merely want to serve the Senate, and if we can agree to the report tonight, and avoid the necessity of being here all day tomorrow, I shall be glad to stay here as long as anyone else, and if there are any questions to be asked which I can answer, I shall be glad to answer them. If I cannot answer them, I shall have to say that I cannot.

Mr. KNOWLAND. Our economic system is sometimes called a profit system, but it is really a profit-and-loss system, is it not?

Mr. MAYBANK. That is correct. We tried our best not to have no profit-control amendments included. That is a matter which the Senate Finance Committee and the House Ways and Means Committee concern themselves when they consider the excess-profit taxes, and so forth.

Mr. KNOWLAND. That is the question I had in mind.

Mr. MAYBANK. The Senator from Indiana [Mr. CAPEHART], a representative leader on the other side of the aisle, as well as the Senator from Delaware

[Mr. WILLIAMS], who is a member of the Senate Finance Committee, agreed with us. We insisted that that not be done, and it is a part of the Record.

Mr. KNOWLAND. So the Senator is in a position to assure the Senate that there is nothing in this report which would give the OPS power to change the customary, traditional profit differential of enterprise, industry, and commerce. Is that correct?

Mr. MAYBANK. To the best of my knowledge, that is correct.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield to the Senator from Michigan.

Mr. FERGUSON. The original bill reported by the Senator's committee, when it came to the floor, contained very strong language, declaring that the purpose of the bill was not to attempt to control profit; did it not?

Mr. MAYBANK. That is correct.

Mr. FERGUSON. As I now understand, the conference report comes back in the same way, so that nothing different is being done than what was provided in the original bill. Is that correct?

Mr. MAYBANK. I may say to the Senator from Michigan that, as he so well knows, the House must act on the report, after the Senate acts, because the Senate agreed to the conference; but each of the Senate conferees made it definitely clear that it was not a profit-control measure.

Mr. FERGUSON. So, as part of the legislative history of this bill, the Senator is now stating on the floor of the Senate that it is not the intention that the new law shall control profits. Is that correct?

Mr. MAYBANK. That was the thought of every Senate conferee.

Mr. FERGUSON. And that is the intention now; is it?

Mr. MAYBANK. Of course.

Mr. FERGUSON. I mean, there has been no change?

Mr. MAYBANK. That is correct.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield to the Senator from Vermont.

Mr. AIKEN. I should like to ask what the conferees did with the provision which prohibits the OPS from setting aside the provisions of the Agricultural Act of 1949.

Mr. MAYBANK. We gave the OPS no authority whatever to change any law of the land, particularly if it had been approved by the Committee on Agriculture and Forestry.

Mr. AIKEN. And that provision remains in the bill; does it?

Mr. MAYBANK. Yes; also we did not make any change that in any way affected the parity provision of the Agricultural Act.

Mr. AIKEN. I should now like to ask what the conferees did in regard to the price of milk, aside from the marketing-agreement areas.

Mr. MAYBANK. We accepted an amendment which was proposed by the Committee on Agriculture and Forestry. As I remember, it was first proposed by

Dr. TALLE as a substitute. I do not have the amendment before me at the moment, but Dr. TALLE, for whom we have the greatest respect—the Senator from New York [Mr. Ives] also shares my high regard for him—made the proposal. I will give the Senator the amendment.

Mr. AIKEN. I think I am familiar with Dr. TALLE's amendment; and if it was accepted, it was very appropriate.

Mr. MAYBANK. It certainly was accepted.

Mr. WILEY. May we have it read?

Mr. AIKEN. The amendment, which has been handed me by the Senator from South Carolina, reads:

On page 16, lines 14 to 21, strike out the paragraph and insert in lieu thereof the following:

"(d) Subsection 402 (d) (3) of the Defense Production Act of 1950 is amended by adding a new sentence thereto to read as follows:

"No ceiling prices to producers for milk or butterfat used for manufacturing dairy products shall be issued until and unless the Secretary of Agriculture shall determine that such prices are reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect the supply and demand for dairy products, and will insure a sufficient quantity of dairy products and be in the public interest. The prices so determined shall be adjusted by him for use, grade, quality, location, and season of the year."

I think that leaves it up to the Secretary of Agriculture to determine the fair price for milk.

Mr. MAYBANK. I understood that was the best way to handle it.

Mr. AIKEN. I think that in accepting this amendment the committee has probably undoubtedly dealt fairly and wisely with the situation.

Mr. MAYBANK. That is what we wanted to do—to deal fairly and wisely with the situation in the interest of the American people.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. LANGER. How are the farmers affected?

Mr. MAYBANK. The farmers are affected to this extent, that we did not touch any parity provisions or parity laws. We accepted the House language on farm roll-backs. The beef roll-back was 10 percent and no more. We permit the Administrator to roll farm prices back 10 percent below the price in May.

Mr. SCHOEPPEL. Mr. President, would the Senator from South Carolina mind repeating his last statement?

Mr. MAYBANK. We accepted the House language to permit the OPS to roll back prices 10 percent below the May price, providing, of course, the prices were not below parity. The distinguished Senator from Kansas knows that beef is 85 percent of parity. It would not be affected. The price of cotton today is 34 cents. I regret that wheat is only 85 percent of parity.

Mr. LANGER. Mr. President, will the Senator yield further?

Mr. MAYBANK. I yield.

Mr. LANGER. Is wheat treated the same as cotton?

Mr. MAYBANK. It most certainly is. Mr. DOUGLAS. If wheat and cotton are joined together, the rest of us had better look out.

Mr. MAYBANK. We are pretty good joiners in the interest of the farmers, and the American people. They are the backbone of American life, society, and development. The Senator from Illinois is from a corn-producing State. We did not leave the corn producers out either.

Mr. BENTON. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. BENTON. I ask this question further to clarify the answer which the Senator from South Carolina gave to the distinguished Senator from Michigan [Mr. FERGUSON] and the distinguished Senator from California [Mr. KNOWLAND]. Does not the roll-back amendment have the effect of allowing the manufacturer the addition of his costs, but there is no allowance given to the manufacturer for his customary profit margin on those additional costs? Thus, for example, if it costs 10 cents to make the pencil which I hold in my hand, and I am making one-tenth of a cent profit on it, the price might increase to 20 cents, but I would still, under the amendment, be held to one-tenth-of-a-cent profit.

Mr. MAYBANK. If the Senator from Connecticut does not mind, I should like to ask the Senator from Indiana, who worked particularly on this section, to answer the Senator's question.

Mr. BENTON. My question was asked for purposes of clarification. I did not ask it in any critical way.

The VICE PRESIDENT. Without objection, the Senator from Indiana may answer the question.

Mr. CAPEHART. What the amendment does is to permit a seller to add whatever increase in costs he may have had, cost of materials, indirect and direct labor, factory advertising, production costs, distribution, transportation, and administrative costs except such as the President may determine to be unreasonable or excessive. If the seller's price should be higher than is warranted after adding those increased costs, OPS rolls the price back. If the present price is less than it would be after adding these increased costs, then the manufacturer must be permitted to advance the price to take care of all the increased costs.

Mr. BENTON. That is the way I understood the amendment.

Mr. CAPEHART. The Senator is correct.

Mr. BENTON. The amount of profit would be the same at either price level.

Mr. MAYBANK. That is correct.

Mr. BENTON. I wanted to make that clear, particularly for the benefit of the two distinguished Senators who asked the questions about the effect on profits.

Mr. KNOWLAND. Mr. President, will the Senator from South Carolina yield

in order that I may pursue the matter with the Senator from Indiana?

Mr. MAYBANK. I shall be glad to yield.

Mr. KNOWLAND. Does the Senator say, in effect, that whatever the profit on an item a merchant had at the outbreak of the Korean hostilities is maintained, and even though his costs are doubled his profit per item is still held at the same point? I think we should have some clarification on that point.

Mr. CAPEHART. That is not correct. There is nothing in the bill that estops a man from handling his business in his historical way or from pricing his goods in his historical way.

Mr. KNOWLAND. That is what I thought from the first answer given by the Senator from South Carolina, but with the clarification of the Senator from Connecticut the issue seemed to be befogged. I now understand the Senator to say that there is nothing that interferes with the customary historic mark-up of whatever the costs may be.

Mr. CAPEHART. That is correct.

Mr. BENTON. When we say "historic"—

Mr. MAYBANK. The historic mark-up is a separate amendment from the roll-back amendment.

Mr. President, would it be in order to ask the clerk to read an amendment?

The VICE PRESIDENT. Without objection, that may be done.

The legislative clerk read as follows:

No rule, regulation, order, or amendment thereto shall hereafter be issued under this title, which shall deny to sellers of materials at retail or wholesale their customary percentage margins over costs of the materials during the period May 24, to June 24, 1950, or on such other nearest representative date determined under section 402 (c), as shown by their records during such period, except as to any one specific item of a line of material sold by such sellers which is in short supply as evidenced by a specific Government action to encourage production of the item in question. No such exception shall reduce such customary margins of sellers at retail or wholesale beyond the amount found by the President, in writing, to be generally equitable and proportionate in relation to the general reductions in the customary margins of all other classes of persons concerned in the production and distribution of the excepted item of material.

Mr. MAYBANK. That is a different amendment from the roll-back amendment. I am sorry it was confused with the roll-back amendment the Senator from Indiana was explaining to the Senator from Connecticut.

Mr. BENTON. Mr. President, will the Senator yield for a further question?

Mr. MAYBANK. I yield.

Mr. BENTON. Perhaps the Senator from Indiana may wish to comment on this question. Would it, then, follow that the bill protects retailers and wholesalers in their customary traditional or historic operations, but, in fact, it does not do the same thing for manufacturers?

Mr. MAYBANK. In my judgment, the Senator is correct.

Mr. BENTON. I think it is important to bring out that point.

Mr. MAYBANK. In my judgment the Senator is correct. They were the best terms we could make with the House conferees. We changed some of the language.

Mr. MOODY. I should like to ask the chairman further to clarify this point: Whether the bill is it now stands provides that the historic mark-up in the case of a manufacturer is a dollar mark-up, but the mark-up in the case of a wholesaler or retailer is now on a percentage basis under the bill? Is that correct?

Mr. MAYBANK. That is my interpretation of the conference report.

Mr. MOODY. May I ask the Senator from Indiana [Mr. CAPEHART] if that is his interpretation of it?

Mr. CAPEHART. Mr. President, I was not observing what the Senator said.

Mr. MAYBANK. Let me say that the amendment that was read did not pertain to manufacturers.

Mr. MOODY. That was my understanding.

Mr. MAYBANK. The amendment applied to wholesalers and retailers with respect to mark-up.

Mr. CAPEHART. Mr. President, what was the question?

Mr. MOODY. As I understand the question brought up by the Senator from Connecticut, it was directed to whether the historic mark-up applies to the dollar mark-up or to the percentage-of-cost mark-up. As I understood the explanation, the historic mark-up in the case of a manufacturer would be a dollar historic mark-up, and in the case of wholesalers and retailers, a percentage-of-cost mark-up. Is that correct?

Mr. CAPEHART. Wholesalers and retailers do business both on what is called a discount basis and also buying for a net amount and selling for X amount. The mark-up takes care of both historic ways of doing business. The roll-back amendment has nothing to do with profits at all. There are two standpoints. The provision goes back to January 1, and takes the highest price between January 1, 1950, and June 24, 1950, and permits the seller to add his increased cost, as detailed at the tail-end of the amendment, to arrive at the selling price. If those increases are less than the price at which he is selling at the moment, he can increase his price. If they are more than the price at which he is selling at the moment, they can be rolled back.

Mr. MOODY. Does that apply to everybody, or only to manufacturers?

Mr. CAPEHART. That applies to everybody, subject to selling prices.

Mr. O'CONOR. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield to the Senator from Maryland.

Mr. O'CONOR. Mr. President, I desired to ask the Senator to yield in order that I might ask a question of the junior Senator from Alabama [Mr. SPARKMAN],

who has given special attention to this matter. May I ask the Senator from Alabama whether he considers the time provision, that is, the period designated in the earlier part of the section, which is from January 1, 1950, to June 24, 1950, applicable to that provision which has to do with the cost adjustment in the latter part of the language which was read?

Mr. SPARKMAN. Yes; as a matter of fact the cost adjustments in the latter part do apply particularly to that period. In other words, what we say is this, that there may be roll-backs to a price level represented during that period of time, which we considered normal immediately preceding the outbreak of the Korean War, plus such legitimate cost increases as may have occurred since that time.

Mr. O'CONOR. Would the Senator think that any extraordinary cost which has, by experience, been shown to have affected certain products, would be a condition properly to be considered?

Mr. SPARKMAN. I believe if the Senator will read the careful enumeration of costs we have included, he will come to the conclusion that the answer would be in the affirmative. We did include a "safety" clause whereby the President may determine certain costs, and that is intended to prevent padding.

Mr. O'CONOR. I observed that, and I am entirely in accord with that language, but I wanted to get the Senator's opinion, as one of the conferees. I note that the particular provision to which the Senator from Alabama refers is contained in the last few words "except such as the President may determine to be unreasonable."

Mr. BENNETT. Mr. President, I should like to read for the benefit of the junior Senator from Connecticut [Mr. BENTON] and the junior Senator from Michigan [Mr. MOODY] the language of the historic profit amendment. While it does not refer specifically to a manufacturer it says:

No rule, regulation, order, or amendment thereto shall hereafter be issued under this title, which shall deny to sellers of materials.

Now, every manufacturer, Mr. President, must be a seller of material or he is out of business. So he is the seller of material, whether he is a manufacturer and sells it at retail or whether he sells it at wholesale, or whether he is a retailer and sells it at retail or sells it at wholesale. It applies to every seller of material, whether at retail or at wholesale.

I cannot see how this language restricts the effect of the amendment only to retailers and wholesalers and does not apply it to manufacturers. I assume, therefore, that this amendment, preserving the customary percentage margin over costs, applies to all American business, including manufacturers.

Mr. SPARKMAN. Before the Senator from South Carolina makes his motion to adopt the report I would like to make

a brief reference to the remarks of the Senator earlier in the discussion on slaughter quotas. Although the conferees agreed on the provision banning slaughtering quotas, I would like to point out that the present law does provide licensing authority and it was not affected by the action we took on quotas.

Mr. MAYBANK. That is my understanding.

Mr. President, I ask that the conference report be adopted.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

WOOL AND SYNTHETIC SUBSTITUTES

Mr. O'MAHONEY. Mr. President, this morning there appeared in the New York Times an article, in the business section, which stated in effect that the Defense Mobilization Administration was about to support a program to provide for the financing, through amortization certificates or otherwise, of a \$500,000,000 program for the mass production of wool substitutes.

Upon the publication this morning in the New York Times of a Washington dispatch stating that the Government will next week certify a "program for production of a wool substitute" I communicated with Eric Johnston, head of the Office of Economic Stabilization, who confirmed previous statements he had made to me that the defense agencies have no such plan in mind.

One certificate of amortization was issued about 2 months ago in the amount of \$25,800,000, but no new certificates are now planned. It can definitely be stated that there is no Government program to finance an investment of "close to \$500,000,000 for mass production of wool substitutes," as stated in the New York Times story.

There are numerous applications on file with the National Production Authority from chemical companies for amortization certificates to aid in the production of synthetic fibers. An application for an amortization certificate from Chemstrand Corp., which is jointly owned by Monsanto Chemical Co. and American Viscose Co., has been approved in the amount of \$88,500,000 for the manufacture of nylon, and another application of the same company has been approved in the sum of \$25,800,000, for the manufacture of a fiber called a wool extender. The proposed nylon production has nothing to do with apparel fabric.

No application of any kind for anything resembling a wool substitute has been approved, and Mr. Johnston assures me that defense officials are bringing no pressure for action upon any of these applications. Moreover, he says they have no intention of doing so. Earlier in the year when wool prices, because of speculative buying, had reached unprecedented levels, the Defense Mobilization Administration had discussed the possibility of using synthetic fibers

"(1) if such fur product or fur is not invoiced to show—

"(A) the name or names (as set forth in the Fur Products Name Guide) of the animal or animals that produced the fur, and such qualifying statement as may be required pursuant to section 7 (c) of this Act;

"(B) that the fur product contains or is composed of used fur, when such is the fact;

"(C) that the fur product contains or is composed of bleached, dyed, or otherwise artificially colored fur, when such is the fact;

"(D) that the fur product is composed in whole or in substantial part of paws, tails, bellies, or waste fur, when such is the fact;

"(E) the name and address of the person issuing such invoice;

"(F) the name of the country of origin of any imported furs or those contained in a fur product;

"(2) if such invoice contains the name or names of any animal or animals other than the name or names specified in paragraph (1) (A) of this subsection, or contains any form of misrepresentation or deception, directly or by implication, with respect to such fur product or fur.

"EXCLUSION OF MISBRANDED OR FALSELY INVOICED FUR PRODUCTS OR FURS

"SEC. 6. (a) Fur products imported into the United States shall be labeled so as not to be misbranded within the meaning of section 4 of this act; and all invoices of fur products and furs required under title IV of the Tariff Act of 1930, as amended, shall set forth, in addition to the matters therein specified, information conforming with the requirements of section 5 (b) of this Act, which information shall be included in the invoices prior to their certification under the Tariff Act of 1930, as amended.

"(b) The falsification of, or failure to set forth, said information in said invoices, or the falsification or perjury of the consignee's declaration provided for in the Tariff Act of 1930, as amended, insofar as it relates to said information, shall be an unfair method of competition, and an unfair and deceptive act or practice, in commerce under the Federal Trade Commission Act; and any person who falsifies, or fails to set forth, said information in said invoices, or who falsifies or perjures said consignee's declaration insofar as it relates to said information, may thenceforth be prohibited by the Commission from importing, or participating in the importation of, any fur products or furs into the United States except upon filing bond with the Secretary of the Treasury in a sum double the value of said fur products and furs, and any duty thereon, conditioned upon compliance with the provisions of this section.

"(c) A verified statement from the manufacturer, producer, or dealer in, imported fur products and furs showing information required under the provisions of this Act may be required under regulations prescribed by the Secretary of the Treasury.

"NAME GUIDE FOR FUR PRODUCTS

"SEC. 7. (a) The Commission shall, with the assistance and cooperation of the Department of Agriculture and the Department of the Interior, within six months after the date of the enactment of this Act, issue, after holding public hearings, a register setting forth the names of hair, fleece, and fur-bearing animals, which shall be known as the Fur Products Name Guide. The names used shall be the true English names for the animals in question, or in the absence of a true English name for an animal, the name by which such animal can be properly identified in the United States.

"(b) The Commission may, from time to time, with the assistance and cooperation of the Department of Agriculture and Department of the Interior, after holding public hearings, add to or delete from such reg-

ister the name of any hair, fleece, or fur-bearing animal.

"(c) If the name of an animal (as set forth in the Fur Products Name Guide) connotes a geographical origin or significance other than the true country or place of origin of such animal, the Commission may require whenever such name is used in setting forth the information required by this Act, such qualifying statement as it may deem necessary to prevent confusion or deception.

"ENFORCEMENT OF THE ACT

"SEC. 8. (a) (1) Except as otherwise specifically provided in this Act, sections 3, 6, and 10 (b) of this Act shall be enforced by the Federal Trade Commission under rules, regulations, and procedure provided for in the Federal Trade Commission Act.

"(2) The Commission is authorized and directed to prevent any person from violating the provisions of sections 3, 6, and 10 (b) of this Act in the same manner, by the same means, and with the same jurisdiction, powers, and duties as though all applicable terms and provisions of the Federal Trade Commission Act were incorporated into and made a part of this Act; and any such person violating any provision of section 3, 6, or 10 (b) of this Act shall be subject to the penalties and entitled to the privileges and immunities provided in said Federal Trade Commission Act as though the applicable terms and provisions of the said Federal Trade Commission Act were incorporated into and made a part of this Act.

"(b) The Commission is authorized and directed to prescribe rules and regulations governing the manner and form of disclosing information required by this Act, and such further rules and regulations as may be necessary and proper for purposes of administration and enforcement of this Act.

"(c) The Commission is authorized (1) to cause inspections, analyses, tests, and examinations to be made of any fur product or fur subject to this Act; and (2) to cooperate, on matters related to the purposes of this Act, with any department or agency of the Government; with any State, Territory, or possession; or with the District of Columbia; or with any department, agency, or political subdivision thereof; or with any person.

"(d) (1) Every manufacturer or dealer in fur products or furs shall maintain proper records showing the information required by this Act with respect to all fur products or furs handled by him, and shall preserve such records for at least three years.

"(2) The neglect or refusal to maintain and preserve such records is unlawful, and any such manufacturer or dealer who neglects or refuses to maintain and preserve such records shall forfeit to the United States the sum of \$100 for each day of such failure which shall accrue to the United States and be recoverable by a civil action.

"CONDEMNATION AND INJUNCTION PROCEEDINGS

"SEC. 9. (a) (1) Any fur product or fur shall be liable to be proceeded against in the district court of the United States for the district in which found, and to be seized for confiscation by process of libel for condemnation, if the Commission has reasonable cause to believe such fur product or fur is being manufactured or held for shipment, or shipped, or held for sale or exchange after shipment, in commerce, in violation of the provisions of this Act, and if after notice from the Commission the provisions of this Act with respect to such fur product or fur are not shown to be complied with. Proceedings in such libel cases shall conform as nearly as may be to suits in rem in admiralty, and may be brought by the Commission.

"(2) If such fur products or furs are condemned by the court, they shall be disposed of, in the discretion of the court, by destruc-

tion, by sale, by delivery to the owner or claimant thereof upon payment of legal costs charges and upon execution of good and sufficient bond to the effect that such fur or fur products will not be disposed of until properly marked, advertised, and invoiced as required under the provisions of this Act; or by such charitable disposition as the court may deem proper. If such furs or fur products are disposed of by sale, the proceeds, less legal costs and charges, shall be paid into the Treasury of the United States as miscellaneous receipts.

"(b) Whenever the Commission has reason to believe that—

"(1) any person is violating, or is about to violate, section 3, 6, or 10 (b) of this Act; and

"(2) it would be to the public interest to enjoin such violation until complaint is issued by the Commission under the Federal Trade Commission Act and such complaint dismissed by the Commission or set aside by the court on review, or until order to cease and desist made thereon by the Commission has become final within the meaning of the Federal Trade Commission Act,

the Commission may bring suit in the district court of the United States or in the United States court of any Territory, for the district or Territory in which such person resides or transacts business, to enjoin such violation, and upon proper showing a temporary injunction or restraining order shall be granted without bond.

"GUARANTY

"SEC. 10. (a) No person shall be guilty under section 3 if he establishes a guaranty received in good faith signed by and containing the name and address of the person residing in the United States by whom the fur product or fur guaranteed was manufactured or from whom it was received, that said fur product is not misbranded or that said fur product or fur is not falsely advertised or invoiced under the provisions of this Act. Such guaranty shall be either (1) a separate guaranty specifically designating the fur product or fur guaranteed, in which case it may be on the invoice or other paper relating to such fur product or fur; or (2) a continuing guaranty filed with the Commission applicable to any fur product or fur handled by a guarantor, in such form as the Commission by rules and regulations may prescribe.

"(b) It shall be unlawful for any person to furnish, with respect to any fur product or fur, a false guaranty (except a person relying upon a guaranty to the same effect received in good faith signed by and containing the name and address of the person residing in the United States by whom the fur product or fur guaranteed was manufactured or from whom it was received) with reason to believe the fur product or fur falsely guaranteed may be introduced, sold, transported, or distributed in commerce, and any person who violates the provisions of this subsection is guilty of an unfair method of competition, and an unfair or deceptive act or practice, in commerce within the meaning of the Federal Trade Commission Act.

"CRIMINAL PENALTY

"SEC. 11. (a) Any person who willfully violates section 3, 6, or 10 (b) of this Act shall be guilty of a misdemeanor and upon conviction shall be fined not more than \$5,000, or be imprisoned not more than one year, or both, in the discretion of the court.

"(b) Whenever the Commission has reason to believe any person is guilty of a misdemeanor under this section, it shall certify all pertinent facts to the Attorney General, whose duty it shall be to cause appropriate proceedings to be brought for the enforcement of the provisions of this section against such person.

"APPLICATION OF EXISTING LAWS

"Sec. 12. The provisions of this Act shall be held to be in addition to, and not in substitution for or limitation of, the provisions of any other Act of Congress.

"SEPARABILITY OF PROVISIONS

"Sec. 13. If any provision of this Act or the application thereof to any person or circumstance is held invalid, the remainder of the Act and the application of such provision to any other person or circumstance shall not be affected thereby.

"EFFECTIVE DATE

"Sec. 14. This Act, except section 7, shall take effect one year after the date of its enactment."

And the Senate agree to the same.

LINDLEY BECKWORTH,
J. PERCY PRIEST,
OREN HARRIS,
CHAS. A. WOLVERTON,
JOS. P. O'HARA,

Managers on the Part of the House.

ED. C. JOHNSON,
ERNEST W. MCFARLAND
J.,
WARREN G. MAGNUSON
J.,
OWEN BREWSTER,
HOMER E. CAPEHART,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 2321) to protect consumers and others against misbranding, false advertising, and false invoicing of fur products and furs, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted an amendment in the nature of a substitute. The House recedes from its disagreement to the amendment of the Senate, with an amendment which is a substitute for both the House bill and the Senate amendment.

While the Senate amendment was a complete substitute for the House bill the actual differences were few.

The following statement explains those provisions of the substitute agreed to in conference which differ from the bill as it passed the House:

AUTHORITY TO SUBSTITUTE LABEL

Section 4 of the bill as it passed the House provided that a fur product should be considered to be misbranded unless there was affixed thereto a label giving certain specified information. Among the information required to be given was the name, or other identification issued and registered by the Federal Trade Commission, of one or more of the persons who manufacture the fur product for introduction into interstate commerce, introduce it into interstate commerce, sell it in interstate commerce, advertise or offer it for sale in interstate commerce, or transport or distribute it in interstate commerce.

Section 3 of the House bill prohibited the removal or mutilation of any such label, except that it was provided that any person introducing, selling, advertising, or offering for sale, in interstate commerce, or processing for interstate commerce, a fur product could substitute for the label affixed to the product a label conforming to the requirements of section 4, showing, in lieu of the name or other identification shown pursuant to section 4, the name or other identification of the person making the substitution. It

was provided that any person making such a substitution should keep records showing the information on the label removed and the name of the person from whom the fur product was received.

The provisions of the Senate amendment were the same as those of the House bill, except that the privilege of label substitution was also given to an additional class of persons, that is, any person selling, advertising, or processing a fur product after the interstate movement had been completed.

The conference substitute, in section 3 (e), includes this feature from the Senate amendment, but in the interest of effective enforcement it is provided (1) that records as to substitution of labels shall be preserved for 3 years; (2) that any person failing to keep the required records shall forfeit to the United States \$100 for each day of such failure, such penalty to be recoverable in a civil action; and (3) that failure to keep such records, or substitution of a label in such manner as to misbrand the fur product, shall constitute an unfair method of competition, and an unfair or deceptive act or practice, under the Federal Trade Commission Act.

COUNTRY OF ORIGIN

Both the House bill and the Senate amendment provided that fur products shall be considered to be misbranded, and that furs or fur products shall be considered to be falsely or deceptively advertised or invoiced, unless certain specified information is shown in the labeling, advertising, or invoice. However, the Senate amendment contained requirements, not contained in the House bill, that the label, advertisement, or invoice show the name of the country of origin of any imported furs used in a fur product and that the advertisement or invoice show the name of the country of origin in the case of any imported fur. These requirements which were contained in the Senate amendment are included in sections 4 and 5 of the conference substitute.

LINDLEY BECKWORTH,
J. PERCY PRIEST,
OREN HARRIS,
CHAS. W. WOLVERTON,
JOS. P. O'HARA,

Managers on the Part of the House.

Mr. O'HARA. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill H. R. 2321.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. O'HARA. Mr. Speaker, I ask unanimous consent that the statement be read in lieu of the report.

Mr. MCCORMACK. Reserving the right to object, Mr. Speaker, and, of course, I shall not, for the gentleman has discussed this with me, may I ask if this is a unanimous report of the conferees?

Mr. O'HARA. It is a unanimous report of the 10 conferees, 5 on the part of the other body and 5 on the part of the House.

Mr. MCCORMACK. I withdraw my reservation of the right to object, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The Clerk read the statement.

The conference report was agreed to.

A motion to reconsider was laid on the table.

DEFENSE PRODUCTION ACT AMENDMENTS OF 1951 -

Mr. SPENCE submitted the following conference report and statement:

CONFERENCE REPORT (H. REPT. No. 770)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That this Act may be cited as the 'Defense Production Act Amendments of 1951'."

"TITLE I—AMENDMENTS TO DEFENSE PRODUCTION ACT OF 1950

"PRIORITIES AND ALLOCATIONS

"SEC. 101. (a) Section 101 of the Defense Production Act of 1950 is amended by adding at the end thereof the following: 'No restriction, quota, or other limitation shall be placed upon the quantity of livestock which may be slaughtered or handled by any processor.'

"(b) Section 102 of the Defense Production Act of 1950 is amended by striking out the third sentence and inserting in lieu thereof the following sentences: 'In making such designations the President may prescribe such conditions with respect to the accumulation of materials in excess of the reasonable demands of business, personal, or home consumption as he deems necessary to carry out the objectives of this Act. This section shall not be construed to limit the authority contained in sections 101 and 704 of this Act.'

"(c) Title I of the Defense Production Act of 1950 is hereby amended by adding the following section:

"SEC. 104. Import controls of fats and oils (including oil-bearing materials, fatty acids, and soap and soap powder, but excluding petroleum and petroleum products and coconuts and coconut products), peanuts, butter, cheese and other dairy products, and rice and rice products are necessary for the protection of the essential security interests and economy of the United States in the existing emergency in international relations, and no imports of any such commodity or product shall be admitted to the United States until after June 30, 1952, which the Secretary of Agriculture determines would (a) impair or reduce the domestic production of any such commodity or product below present production levels, or below such higher levels as the Secretary of Agriculture may deem necessary in view of domestic and international conditions, or (b) interfere with the orderly domestic storing and marketing of any such commodity or product, or (c) result in any unnecessary burden or expenditures under any Government price support program. The President shall exercise the authority and powers conferred by this section.

"AUTHORITY TO REQUISITION AND CONDEMN

"SEC. 102. (a) Title II of the Defense Production Act of 1950 is amended by adding to the heading thereof the words 'AND CONDEMN'.

"(b) Section 201 of the Defense Production Act of 1950 is amended—

"(1) By adding at the end of subsection (a) the following new sentence: 'No real property (other than equipment and facilities, and buildings and other structures, to be demolished and used as scrap or second-

hand materials) shall be acquired under this subsection.

"(2) By adding after subsection (a) the following new subsection:

"(b) Whenever the President deems it necessary in the interest of national defense, he may acquire by purchase, donation, or other means of transfer, or may cause proceedings to be instituted in any court having jurisdiction of such proceedings to acquire by condemnation, any real property, including facilities, temporary use thereof, or other interest therein, together with any personal property located thereon or used therewith, that he deems necessary for the national defense, such proceedings to be in accordance with the Act of August 1, 1888 (25 Stat. 357), as amended, or any other applicable Federal statute. Before condemnation proceedings are instituted pursuant to this section, an effort shall be made to acquire the property involved by negotiation unless, because of reasonable doubt as to the identity of the owner or owners, because of the large number of persons with whom it would be necessary to negotiate, or for other reasons, the effort to acquire by negotiation would involve, in the judgment of the President, such delay in acquiring the property as to be contrary to the interest of national defense. In any condemnation proceeding instituted pursuant to this section, the court shall not order the party in possession to surrender possession in advance of final judgment unless a declaration of taking has been filed, and a deposit of the amount estimated to be just compensation has been made, under the first section of the Act of February 26, 1931 (46 Stat. 1421), providing for such declarations. Unless title is in dispute, the court, upon application, shall promptly pay to the owner at least 75 per centum of the amount so deposited, but such payment shall be made without prejudice to any party to the proceeding. Property acquired under this section may be occupied, used, and improved for the purposes of this section prior to the approval of title by the Attorney General as required by section 355 of the Revised Statutes, as amended."

"(3) By striking out 'requisitioned' in the presently designated subsection (c), and inserting in lieu thereof 'acquired'.

"(4) By redesignating subsections (b) and (c) as subsections (c) and (d), respectively.

"EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

"SEC. 103. (a) Section 303 of such Act is amended to read as follows:

"SEC. 303. (a) To assist in carrying out the objectives of this Act, the President may make provision (1) for purchases of or commitments to purchase metals, minerals, and other materials, for Government use or resale; and (2) for the encouragement of exploration, development, and mining of critical and strategic minerals and metals; *Provided, however*, That purchases for resale under this subsection shall not include that part of the supply of an agricultural commodity which is domestically produced except insofar as such domestically produced supply may be purchased for resale for industrial uses or stockpiling, and no commodity purchased under this subsection shall be sold at less than the established ceiling price for such commodity (except that minerals and metals shall not be sold at less than the established ceiling price, or the current domestic market price, whichever is lower), or, if no ceiling price has been established, the higher of the following: (i) the current domestic market price for such commodity, or (ii) the minimum sale price established for agricultural commodities owned or controlled by the Commodity Credit Corporation as provided in section 407 of Public Law 439, Eighty-first Congress: *Provided*

further, however, That no purchase or commitment to purchase any imported agricultural commodity shall be made calling for delivery more than one year after the expiration of this Act.

"(b) Subject to the limitations in subsection (a), purchases and commitments to purchase and sales under such subsection may be made without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, but not extending beyond June 30, 1962, as the President deems necessary, except that purchases or commitments to purchase involving higher than established ceiling prices (or if there be no established ceiling prices, currently prevailing market prices) or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

"(c) If the President finds—

"(1) that under generally fair and equitable ceiling prices for any raw or nonprocessed material, there will result a decrease in supplies from high-cost sources of such material, and that the continuation of such supplies is necessary to carry out the objectives of the Act; or

"(2) that an increase in cost of transportation is temporary in character and threatens to impair maximum production or supply in any area at stable prices of any materials,

he may make provision for subsidy payments on any such domestically produced material other than an agricultural commodity in such amounts and in such manner (including purchases of such material and its resale at a loss without regard to the limitations of existing law), and on such terms and conditions, as he determines to be necessary to insure that supplies from such high-cost sources are continued, or that maximum production or supply in such area at stable prices of such materials is maintained, as the case may be.

"(d) The procurement power granted to the President by this section shall include the power to transport and store and have processed and refined, any materials procured under this section.

"(e) When in his judgment it will aid the national defense, the President is authorized to install additional equipment, facilities, processes or improvements to plants, factories, and other industrial facilities owned by the United States Government, and to install government-owned equipment in plants, factories, and other industrial facilities owned by private persons."

"(f) Subsection (b) of section 304 of the Defense Production Act of 1950 is amended by striking out the proviso in the first sentence and inserting in lieu thereof the following: '*Provided*, That the amount borrowed under the provisions of this section by all such borrowers shall not exceed an aggregate of \$2,100,000,000 outstanding at any one time: *Provided, further*, That when any contract, agreement, loan, or other transaction heretofore or hereafter entered into pursuant to section 302 or 303 imposes contingent liability upon the United States, such liability shall be considered for the purposes of sections 3679 and 3732 of the Revised Statutes, as amended, as an obligation only to the extent of the probable ultimate net cost to the United States under such transaction; and the President shall submit a report to the Congress not less often than once each quarter setting forth the gross amount of each such transaction entered into by any agency of the United States Government under this authority and the

basis for determining the probable ultimate net cost to the United States thereunder.'

"(c) Section 304 of the Defense Production Act of 1950 is further amended by striking out subsection (c).

"PRICE AND WAGE STABILIZATION

"SEC. 104. (a) The second sentence of paragraph (3) of subsection (d) of section 402 of the Defense Production Act of 1950 is amended by striking out the period at the end thereof and inserting in lieu thereof the following: 'and equitable treatment shall be accorded to all such processors.'

"(b) Paragraph (3) of subsection (d) of section 402 of the Defense Production Act of 1950 is amended by inserting after the third sentence thereof the following new sentence: 'No ceiling shall be established or maintained for any agricultural commodity below 90 per centum of the price received (by grade) by producers on May 19, 1951, as determined by the Secretary of Agriculture.'

"(c) The fourth sentence of paragraph (3) of subsection (d) of section 402 of the Defense Production Act of 1950 is amended to read as follows: 'Nothing contained in this Act shall be construed to modify, repeal, supersede, or affect the provisions of either (1) the Agricultural Act of 1949, or (2) the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of the Agricultural Marketing Agreement Act of 1937, as amended.'

"(d) Paragraph (3) of subsection (d) of section 402 of the Defense Production Act of 1950 is amended by adding a new sentence at the end thereof to read as follows: 'No ceiling prices to producers for milk or butterfat used for manufacturing dairy products shall be issued until and unless the Secretary of Agriculture shall determine that such prices are reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect the supply and demand for dairy products, and will insure a sufficient quantity of dairy products and be in the public interest. The prices so determined shall be adjusted by him for use, grade, quality, location, and season of the year.'

"(e) Subsection (d) of section 402 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new paragraph:

"(4) After the enactment of this paragraph no ceiling price on any material (other than an agricultural commodity) or on any service shall become effective which is below the lower of (A) the price prevailing just before the date of issuance of the regulation or order establishing such ceiling price, or (B) the price prevailing during the period January 25, 1951, to February 24, 1951, inclusive. Nothing in this paragraph shall prohibit the establishment or maintenance of a ceiling price with respect to any material (other than an agricultural commodity) or service which (1) is based upon the highest price between January 1, 1950, and June 24, 1950, inclusive, if such ceiling price reflects adjustments for increases or decreases in costs occurring subsequent to the date on which such highest price was received and prior to July 26, 1951, or (2) is established under a regulation issued prior to the enactment of this paragraph. Upon application and a proper showing of his prices and costs by any person subject to a ceiling price, the President shall adjust such ceiling price in the manner prescribed in clause (1) of the preceding sentence. For the purposes of this paragraph the term 'costs' includes material, indirect and direct labor, factory, selling, advertising, office, and all other production, distribution, transporta-

tion and administration costs, except such as the President may determine to be unreasonable and excessive."

"(f) Subsection (e) of section 402 of the Defense Production Act of 1950 is amended by striking out 'Rates or fees charged for professional services' in paragraph (ii) and inserting in lieu thereof: 'Rates or fees charged for professional services; wages, salaries, and other compensation paid to physicians employed in a professional capacity by licensed hospitals, clinics and like medical institutions for the care of the sick or disabled; wages, salaries, and other compensation paid to attorneys licensed to practice law employed in a professional capacity by an attorney or firm of attorneys engaged in the practice of his or their profession.'

"(g) Subsection (e) of section 402 of the Defense Production Act of 1950 is hereby amended by adding at the end thereof the following new paragraph:

"(vii) Prices charged and wages paid for services performed by barbers and beauticians."

"(h) Section 402 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new subsections:

"(j) Where the sale or delivery of a material or service makes the person selling or delivering it liable for a State or local gross receipts tax or gross income tax, he may receive for the material or service involved, in addition to the ceiling price, (1) an amount equal to the amount of all such State and local taxes for which the transaction makes him liable, or (2) one cent, whichever is greater. For the purposes of the preceding sentence, the amount of tax liability shall be computed on shipping units at the ceiling price, and a fractional part of a cent in the amount of tax liability shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to one cent."

"(k) No rule, regulation, order or amendment thereto shall hereafter be issued under this title, which shall deny to sellers of materials at retail or wholesale their customary percentage margins over costs of the materials during the period May 24, 1950, to June 24, 1950, or on such other nearest representative date determined under section 402 (c), as shown by their records during such period except as to any one specific item of a line of material sold by such sellers which is in short supply as evidenced by specific government action to encourage production of the item in question. No such exception shall reduce such customary margins of sellers at retail or wholesale beyond the amount found by the President, in writing, to be generally equitable and proportionate in relation to the general reductions in the customary margins of all other classes of persons concerned in the production and distribution of the excepted item of material."

"Prior to making any finding that a specific item of material shall be so excepted, or as to the amount of the reductions in customary margins to be imposed upon retail and wholesale sellers of such item, the President shall consult with representatives of the affected retail and wholesale sellers concerning the basis for and the amount of the exception which is proposed with respect to any such item."

"For purposes of this section a person is a 'seller of a material at retail or wholesale' to the extent that such person purchases and resells an item of material without substantially altering its form; or to the extent that such person sells to ultimate consumers except (1) to government and institutional consumers and (2) to consumers who purchase for consumption in the course of trade or business."

"(i) Subsection (a) of section 405 of the Defense Production Act of 1950 is amended by adding at the end thereof the following:

"The President shall also prescribe the extent to which any payment made, either in money or property, by any person in violation of any such regulation, order, or requirement shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any such person for the purposes of any other law or regulation, including bases in determining gain for tax purposes."

"(j) Subsection (a) of section 409 of the Defense Production Act of 1950 is amended to read as follows:

"(a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 405 of this title, he may make application to any district court of the United States or any United States court of any Territory or other place subject to the jurisdiction of the United States for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order, with or without such injunction or restraining order, shall be granted without bond."

"(k) The second sentence of subsection (c) of section 409 of the Defense Production Act of 1950 is amended by striking out the words 'but in no event shall such amount exceed the amount of the overcharge, or the overcharges, plus \$10,000.'"

"(l) Section 409 of the Defense Production Act of 1950 is further amended by adding at the end thereof the following new subsections:

"(d) The President shall also prescribe the extent to which any payment made by way of fine pursuant to subsection (b) of this section 409, or any payment made to the United States or to any buyer in compromise or satisfaction of any liability or of any right of action, suit, or judgment, authorized pursuant to subsection (c) of this section 409 for selling any material or service, in violation of a regulation or order providing a ceiling or ceilings, shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any such person for the purposes of any other law or regulation."

"(e) The term 'court of competent jurisdiction' as used in this section shall mean any Federal court of competent jurisdiction regardless of the amount in controversy and any State or Territorial court of competent jurisdiction."

"Sec. 105. (a) Section 403 of the Defense Production Act of 1950 is hereby amended by changing the period at the end of the first sentence to a colon and adding the following: 'Provided, however, That the President shall administer any controls over the wages or salaries of employees subject to the provisions of the Railway Labor Act, as amended, through a separate board or panel having jurisdiction only over such employees.'

"(b) Section 502 of the Defense Production Act of 1950 is amended by changing the period at the end of the last sentence thereof to a colon and adding the following: 'Provided, however, That in any dispute between employees and carriers subject to the Railway Labor Act, as amended, the procedures of such Act shall be followed for the purpose of bringing about a settlement of such dispute. Any agency provided for by such Act, including any panel or panel board established by the President for the adjustment of disputes arising under the Railway Labor Act, as a prerequisite to effecting or recommending a settlement of such dispute, shall make a specific finding and certification that the changes proposed by such settlement or recommended settle-

ment, are consistent with such standards as may then be in effect, established by or pursuant to law, for the purpose of controlling inflationary tendencies: *Provided further*, That in any nondisputed wage or salary adjustments proposed as a result of voluntary agreement through collective bargaining, mediation, or otherwise, the same finding and certification of consistency with existing stabilization policy shall be made by the separate panel, chairman thereof, or boards as established and authorized by the President. Where such finding and certification are made by such agency, panel, chairman thereof, or boards, they shall after approval by the Economic Stabilization Administrator be conclusive and it shall then be lawful for the employees and carriers, by agreement, to put into effect the changes proposed by the settlement, recommended settlement, or voluntary proposal with respect to which such findings and certification were made."

"(c) The second sentence of section 503 of the Defense Production Act of 1950 is hereby amended to read as follows: 'No action inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, other Federal labor standards statutes, the Labor Management Relations Act, 1947, the Railway Labor Act, as amended, or with other applicable laws shall be taken under this title.'

"CONTROL OF CREDIT"

"Sec. 106. (a) Section 601 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new paragraph:

"In the exercise of its authority under this section, the Board shall not (1) require a down payment of more than one-third or fix a maximum maturity of less than eighteen months in connection with instalment credit extended for the purchase of a new or used automobile, or (2) require a down payment of more than 15 per centum or fix a maximum maturity of less than eighteen months in connection with instalment credit extended for the purchase of any household appliance (including phonographs and radios and television sets), or (3) require a down payment of more than 15 per centum or fix a maximum maturity of less than eighteen months in connection with instalment credit extended for the purchase of household furniture and floor coverings (the down payments required by the Board in the exercise of its authority under paragraphs (1), (2), and (3) may be made in cash, or by trade-in or exchange of property, or by a combination of cash and trade-in or exchange of property), or (4) require a down payment of more than 10 per centum or fix a maximum maturity of less than thirty-six months in connection with instalment credit extended for residential repairs, alterations, or improvements or require any down payment on roofing or siding repairs, alterations or improvements in advance of completion thereof."

"(b) Section 603 of the Defense Production Act of 1950 is amended to read as follows:

"Sec. 603. Any person who willfully violates any provision of section 601, 602, or 605 or any regulation or order issued thereunder, upon conviction thereof, shall be fined not more than \$5,000 or imprisoned not more than one year, or both."

"(c) Section 605 of the Defense Production Act of 1950 is amended by adding at the end thereof the following sentences: 'Subject to the provision of this section with respect to preserving the relative credit preferences accorded to veterans under existing law, the President may require lenders or borrowers and their successors and assigns to comply with reasonable conditions and requirements, in addition to those provided by other laws, in connection with any loan of a type which has been the subject of

action by the President under this section. Such conditions and requirements may vary for classifications of persons or transactions as the President may prescribe, and failure to comply therewith shall constitute a violation of this section.'

"GENERAL PROVISIONS"

"SEC. 107. The table of contents of the Defense Production Act of 1950 is amended by striking out 'Authority to requisition' and inserting in lieu thereof 'Authority to requisition and condemn'.

"SEC. 108. Subsection (c) of section 701 of the Defense Production Act of 1950 is amended by striking out 'and having due regard to the needs of new businesses' and inserting in lieu thereof the following: 'and having due regard to the current competitive position of established business: *Provided*, That the limitations and restrictions imposed on the production of specific items shall not exclude new concerns from a fair and reasonable share of total authorized production.'

"SEC. 109. (a) Subsection (a) of section 703 of the Defense Production Act of 1950 is amended by striking out the second sentence and inserting in lieu thereof the following sentence: 'The President is authorized to appoint heads and assistant heads of any such new agencies, and other officials therein of comparable status, and to fix their compensation, without regard to the Classification Act of 1949, as amended, the head of one such agency to be paid at a rate comparable to the compensation paid to the heads of executive departments of the Government, and other such heads, assistant heads, and officials at rates comparable to the compensation paid to the heads and assistant heads of independent agencies of the Government.'

"(b) Section 703 (b) of the Defense Production Act of 1950 is amended by adding at the end thereof the following: 'There shall be included among the policy making officers of each regional office administering at the end thereof the following: 'There this Act a resident of each State served by such office whose governor requests such representation.'

"(c) Section 704 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new sentence: 'No rule, regulation, or order issued under this Act which restricts the use of natural gas (either directly, or by restricting the use of facilities for the consumption of natural gas, or in any other manner) shall apply in any State in which a public regulatory agency has authority to restrict the use of natural gas and certifies to the President that it is exercising that authority to the extent necessary to accomplish the objectives of this Act.'

"(d) Subsection (a) of section 705 of the Defense Production Act of 1950 is amended by inserting after 'take the sworn testimony of,' the following: 'and administer oaths and affirmations to.'

"(e) Subsection (a) of section 706 of the Defense Production Act of 1950 is amended by striking out the last eight words thereof and inserting in lieu thereof the following: 'or other order, with or without such injunction or restraining order, shall be granted without bond'.

"(f) Section 710 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new subsection:

"(f) The President, when he deems such action necessary, may make provision for the printing and distribution of reports, in such number and in such manner as he deems appropriate, concerning the actions taken to carry out the objectives of this act.'

"SEC. 110. (a) Title VII of the Defense Production Act of 1950 is amended by adding after section 713 the following new section:

"SEC. 714. (a) (1) It is the sense of the Congress that small-business concerns be encouraged to make the greatest possible contribution toward achieving the objectives of this Act. In order to carry out this policy there is hereby created an agency under the name "Small Defense Plants Administration" (hereinafter referred to as the Administration), which Administration shall be under the general direction and supervision of the President and shall not be affiliated with or be within any other agency or department of the Federal Government. The principal office of the Administration shall be located in the District of Columbia, but the Administration may establish such branch offices in other places in the United States as may be determined by the Administrator of the Administration. For the purposes of this section, a small-business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation. The Administration, in making a detailed definition, may use these criteria, among others: independency of ownership and operation, number of employees, dollar volume of business, and nondominance in its field.

"(2) The Administration is authorized to obtain money from the Treasury of the United States, for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of \$50,000,000 outstanding at any one time. For this purpose appropriations not to exceed \$50,000,000 are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Administration from the revolving fund when requested by the Administration. This revolving fund shall be used for the purposes enumerated subsequently in subsection (b) (1) (B), (C), and (D). Reimbursements made to the Administration under these operations shall revert to the revolving fund for use for the same purposes.

"(3) The management of the Administration shall be vested in an Administrator who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be a person of outstanding qualifications known to be familiar and sympathetic with small-business needs and problems. The Administrator shall receive compensation at the rate of \$17,500 per annum. The Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator. The Administrator is authorized to appoint two Deputy Administrators to assist in the execution of the functions vested in the Administration. Deputy Administrators shall be paid at the rate of \$15,000 per annum.

"(4) The Administration shall not have succession, beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to an Act of Congress. It shall have power to adopt, alter, and use a seal, which shall be judicially noticed; to select and employ such officers, employees, attorneys, and agents as shall be necessary for the transaction of business of the Administration; to define their authority and duties, require bonds of them, and fix the penalties thereof. The Administration, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself of the use of information, services, facilities, including any field service thereof, officers, and employees thereof in carrying out the provisions of this section.

"(5) All moneys of the Administration not otherwise employed may be deposited with the Treasurer of the United States subject to check by authority of the Administration or in any Federal Reserve bank. The Federal Reserve banks are authorized and directed to act as depositories, custodians, and fiscal agents for the Adminis-

tration in the general performance of its powers conferred by this Act. All insured banks, when designated by the Secretary of the Treasury, shall act as custodians, and financial agents for the Administration.

"(b) (1) Without regard to any other provision of law except the regulations prescribed under section 201 of the First War Powers Act, 1941, as amended, the Administration is empowered—

"(A) to recommend to the Reconstruction Finance Corporation loans or advances, on such terms and conditions and with such maturity as the Reconstruction Finance Corporation may determine on its own discretion, to enable small-business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to finance research, development, and experimental work on new or improved products or processes; or to supply such concerns with capital to be used in the manufacture of articles, equipment, supplies, or materials for defense or essential civilian purposes; or to establish and operate technical laboratories to serve small-business concerns; such loans or advances to be made or effected either directly by the Reconstruction Finance Corporation or in cooperation with banks or other lending institutions through agreements to participate in insurance of loans, or by the purchase of participations, or otherwise;

"(B) to enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating the Administration to furnish articles, equipment, supplies, or materials to the Government;

"(C) to arrange for the performance of such contracts by letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts; and

"(D) to provide technical and managerial aids to small-business concerns, by maintaining a clearinghouse for technical information, by cooperating with other Government agencies, by disseminating information, and by such other activities as are deemed appropriate by the Administration.

"(2) In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent to perform any specific Government procurement contract to be let by any such officers, such officer shall be authorized to let such procurement contract to the Administration upon such terms and conditions as may be agreed upon between the Administration and the procurement officer.

"(c) (1) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administration, or for the purpose of obtaining money, property, or anything of value, under this section, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

"(2) Whoever, being connected in any capacity with the Administration (A) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (B) with intent to defraud the Administration or any other body politic or corporate, or any individual, or to deceive any

officer, auditor, or examiner of the Administration makes any false entry in any book, report, or statement of or to the Administration, or without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (C) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Administration, or (D) gives any unauthorized information concerning any future action or plan of the Administration which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Administration shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"(d) (1) It shall be the duty of the Administration and it is hereby empowered, to coordinate and to ascertain the means by which the productive capacity of small-business concerns can be most effectively utilized for national defense and essential civilian production.

"(2) It shall be the duty of the Administration and it is hereby empowered, to consult and cooperate with appropriate governmental agencies in the issuance of all orders limiting or expanding production by, or in the formulation of policy in granting priorities to, business concerns. All such governmental agencies are required, before issuing such orders or announcing such priority policies, to consult with the Administration in order that small-business concerns will be most effectively utilized in the production of articles, equipment, supplies and materials for national defense and essential civilian purposes.

"(e) The Administration shall have power, and it is hereby directed, whenever it determines such action is necessary—

"(1) to make a complete inventory of all productive facilities of small-business concerns which can be used for defense and essential civilian production or to arrange for such inventory to be made by any other governmental agency which has the facilities. In making any such inventory, the appropriate agencies in the several States shall be requested to furnish an inventory of the productive facilities of small-business concerns in each respective State if such an inventory is available or in prospect;

"(2) to consult and cooperate with officers of the Government having procurement powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

"(3) to obtain information as to methods and practices which Government prime contractors utilize in letting subcontracts and to take action to encourage the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

"(4) to take such action, authorized under this section, as is necessary to provide small-business concerns with an adequate incentive, excluding subsidies, to engage in defense and essential civilian production and to facilitate the conversion and equipping of plants of small-business concerns for such production;

"(5) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises, which are to be designated "small-business concerns" for the purpose of effectuating the provisions of this section;

"(6) to certify to Government procurement officers with respect to the competency, as to capacity and credit, of any small-business concern or group of such concerns to

perform a specific Government procurement contract;

"(7) to obtain from any Federal department, establishment, or agency engaged in defense procurement or in the financing of defense procurement or production such reports concerning the letting of contracts and subcontracts and making of loans to business concerns as it may deem pertinent in carrying out its functions under this Act;

"(8) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply, whenever it appears that any small business is unable to obtain materials for defense or essential civilian production from its normal sources;

"(9) to make studies and recommendations to the appropriate Federal agencies to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns to effectuate the defense program or for essential civilian purposes;

"(10) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from said agencies; and

"(11) to establish such advisory boards and committees wholly representative of small business as may be found necessary to achieve the purposes of this section.

"(f) (1) In any case in which a small-business concern or group of such concerns has been certified by or under the authority of the administration to be a competent Government contractor with respect to capacity and credit as to a specific Government procurement contract, the officers of the Government having procurement powers are directed to accept such certification as conclusive, and are authorized to let such Government procurement contract to such concern or group of concerns without requiring it to meet any other requirement with respect to capacity and credit.

"(2) The Congress has as its policy that a fair proportion of the total purchases and contracts for supplies and services for the Government shall be placed with small-business concerns. To effectuate such policy, small-business concerns within the meaning of this section shall receive any award or contract or any part thereof as to which it is determined by the Administration and the contracting procurement agencies (A) to be in the interest of mobilizing the Nation's full productive capacity, or (B) to be in the interest of the national defense program, to make such award or let such contract to a small-business concern.

"(3) Whenever materials or supplies are allocated by law, a fair and equitable percentage thereof shall be allocated to small plants unable to obtain the necessary materials or supplies from usual sources. Such percentage shall be determined by the head of the lawful allocating authority after giving full consideration to the claims presented by the Administration.

"(4) Whenever the President invokes the powers given him in this Act to allocate, or approve agreements allocating, any material, to an extent which the President finds will result in a significant dislocation of the normal distribution in the civilian market, he shall do so in such a manner as to make available, so far as practicable, for business and various segments thereof in the normal channel of distribution of such material, a fair share of the available civilian supply based, so far as practicable, on the share received by such business under normal conditions during a representative period preceding June 24, 1950: *Provided*, That the limitations and restrictions imposed on the production of specific items should give due consideration to the needs of new concerns.

"(g) The Administration shall make a report every ninety days of operations under this title to the President, the President

of the Senate, and the Speaker of the House of Representatives. Such report shall include the names of the business concerns to whom contracts are let, and for whom financing is arranged, by the Administration, together with the amounts involved, and such report shall include such other information, and such comments and recommendations, with respect to the relation of small-business concerns to the defense effort, as the Administration may deem appropriate.

"(h) The Administration is hereby empowered to make studies of the effect of price, credit, and other controls imposed under the defense program and whenever it finds that these controls discriminate against or impose undue hardship upon small business, to make recommendations to the appropriate Federal agency for the adjustment of controls to the needs of small business.

"(i) The Reconstruction Finance Corporation is authorized to make loans and advances upon the recommendation of the Small Defense Plants Administration as provided in (b) (1) (A) of this section not to exceed an aggregate of \$100,000,000 outstanding at any one time, on such terms and conditions and with such maturities as Reconstruction Finance Corporation may determine.

"(j) The President may transfer to the Administration any functions, powers, and duties of any department or agency which relates primarily to small-business problems.

"(k) No loan shall be recommended or equipment, facilities, or services furnished by the Administration under this section to any business enterprise unless the owners, partners or officers of such business enterprise (1) certify to the Administration the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administration for assistance of any sort, and the fees paid or to be paid to any such persons, and (2) execute an agreement binding any such business enterprise for a period of two years after any assistance is rendered by the Administration to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent or employee of the Administration occupying a position or engaging in activities which the Administration shall have determined involve discretion with respect to the granting of assistance under this section.

"(l) To the fullest extent the Administration deems practicable, it shall make a fair charge for the use of Government-owned property and make and let contracts on a basis that will result in a recovery of the direct costs incurred by the Administration.

"(m) There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this section.

"(b) The presently designated sections 714, 715, and 716 of the Defense Production Act of 1950 are redesignated as sections 715, 716, and 717, respectively.

"Sec. 111. The presently designated section 716 of the Defense Production Act of 1950 is amended by striking out subsections (a) and (b), by redesignating subsections (c) and (d) as subsections (b) and (c), respectively, and by inserting the following new subsection:

"(a) This Act and all authority conferred thereunder shall terminate at the close of June 30, 1952."

"TITLE II—AMENDMENTS TO THE HOUSING AND RENT ACT OF 1947"

"Sec. 201. Section 204 (f) of the Housing and Rent Act of 1947, as amended, is amend-

ed by striking out 'July 31, 1951' and inserting in lieu thereof 'June 30, 1952'.

"Sec. 202. (a) The Housing and Rent Act of 1947, as amended, is amended by striking out 'Housing Expediter' wherever it appears therein and inserting in lieu thereof 'President'.

"(b) Section 204 (a) of the Housing and Rent Act of 1947, as amended, is repealed.

"(c) Section 206 (e) of the Housing and Rent Act of 1947, as amended, is amended by striking out 'The principal office of the Housing Expediter shall be in the District of Columbia, but he or any duly authorized representative may exercise any or all of his powers in any place and attorneys' and inserting in lieu thereof 'Attorneys'.

"(d) Section 208 (a) of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

"(a) The President shall administer the powers, duties, and functions conferred upon him by title II of this Act through the new independent agency created pursuant to section 403 of the Defense Production Act of 1950; and he shall administer the powers, duties, and functions conferred upon him by title I of this Act through such officer or agency of the Government as he may designate. In accordance with the action taken by him pursuant to the preceding sentence, the President shall provide for appropriate transfers of records, property, necessary personnel, and unexpended balances of appropriations, allocations, and other funds heretofore under the jurisdiction of, or available to, the Office of the Housing Expediter. Any employees of the Office of the Housing Expediter not so transferred shall, unless transferred to other positions in the Government, be separated from the service. The President shall make such provisions as he shall deem appropriate for the termination and liquidation of the affairs of the Office of the Housing Expediter. For the purposes of determining the status of employees transferred to an agency administering functions provided for in this Act, they shall be deemed to be transferred in connection with a transfer of functions'.

"Sec. 203. Section 204 of the Housing and Rent Act of 1947, as amended, is amended by adding at the end thereof the following:

"(k) The President shall by regulation or order establish such maximum rent or maximum rents as in his judgment will be fair and equitable for controlled housing accommodations (as defined in section 202 (c)) (1) in any State which by law declares that there exists such a shortage in rental housing accommodations as to require Federal rent control in such State, or (2) in any incorporated city, town, village, or in the unincorporated area of any county (other than a city, town, village, or unincorporated area of any county within a State which is controlling rents) upon receipt of a resolution of its governing body adopted for that purpose in accordance with applicable local law and based upon a finding by such governing body, reached as a result of a public hearing held after 10 days' notice, that there exists such a shortage in rental housing accommodations as to require Federal rent control in such city, town, village, or unincorporated area in such county. In establishing any maximum rent for any housing accommodations under this subsection the President shall give due consideration to the rents prevailing for such housing accommodations or comparable housing accommodations during the period from May 24, 1950, to June 24, 1950, and he shall make adjustment for such relevant factors as he shall deem to be of general applicability in respect to such accommodations, including increases or decreases in property taxes and other costs within such State, incorporated city, town, or village, or unincorporated area.

"(l) Whenever the Secretary of Defense and the Director of Defense Mobilization,

acting jointly, shall determine and certify to the President that any area (whether then or ever controlled or decontrolled under this Act) is a critical defense housing area, the President shall by regulation or order establish such maximum rent or maximum rents for any housing accommodations, not then subject to rent control, in such area or portion thereof as in his judgment will be fair and equitable. Notwithstanding the provisions of section 202 (c) the term "controlled housing accommodations" as applied to any such critical defense housing area shall include all housing accommodations in the area, without exception. In establishing any maximum rent for any housing accommodations under this subsection, the President shall give due consideration to the rents prevailing for such housing accommodations or comparable housing accommodations during the period from May 24, 1950, to June 24, 1950, and he shall make adjustment for such relevant factors as he shall determine and deem to be of general applicability in respect to such accommodations, including increases or decreases in property taxes and other costs within such area. Maximum rents in any critical defense housing area shall be terminated at such time as the Secretary of Defense and the Director of Defense Mobilization, acting jointly, shall determine and certify to the President that such area is no longer a critical defense housing area, or as provided in subsection (e) or (j) of this section: *Provided, however*, That in any area where maximum rents are removed under the procedures provided in subsection (e) or (j) of this section, maximum rents may be reestablished after the expiration of thirty days on the determination and certification of the Secretary of Defense and the Director of Defense Mobilization, acting jointly. No area shall be certified as a critical defense housing area under the authority granted in this subsection unless all the following conditions exist in such area:

"(1) a new defense plant or installation has been or is to be provided, or an existing defense plant or installation has been or is to be reactivated or its operation substantially expanded;

"(2) substantial in-migration of defense workers or military personnel is required to carry out activities at such plant or installation; and

"(3) a substantial shortage of housing required for such defense workers or military personnel exists or impends which has resulted or threatens to result in excessive rent increases and which impedes or threatens to impede activities of such defense plant or installation: *Provided*, That the certification, pursuant to subsection (1), that an area is a critical defense housing area shall not be effective in such area for any of the purposes of this section until such real estate construction credit controls have been relaxed as provided in this subsection to the extent necessary in the determination of the President.

"(m) Whenever an area has been certified under subsection (1) to be a critical defense housing area, real-estate construction credit controls imposed under title VI of the Defense Production Act of 1950 shall be relaxed to the extent necessary to encourage construction of housing for defense workers and military personnel. The fact that any area has been certified as a critical defense housing area under subsection (1) shall not make such area ineligible for the location of additional defense plants, facilities, or installations, or as a source of additional military procurement of any sort.

"(n) No maximum rents shall be established under subsection (1) for housing accommodations in any State where rent control is in effect or in any locality where local rent control is in effect, unless the rent component of the Consumers' Index of the Bu-

reau of Labor Statistics for such State or locality has increased more than the United States average of the rent component of such index during the last six months for which such index is available immediately preceding the establishment of such maximum rents. The rent component of the Consumers' Index of the Bureau of Labor Statistics for any State shall be the average, weighted by population as determined by the Bureau of Labor Statistics, for all reported cities in the State, except that, where only one city is reported, the rent component for the State shall be the rent component for that city. Upon the establishment of maximum rents pursuant to subsection (1) for housing accommodations in a State in which State rent control is in effect, State rent control shall thereupon terminate. Upon the establishment of maximum rents pursuant to subsection (1) for housing accommodations in a locality in which local rent control is in effect, local rent control shall thereupon terminate. The rent component for any locality subject to local rent control shall be the rent component as established by the Bureau of Labor Statistics for that locality. Where data concerning rents have not been heretofore collected for a city in a State having State rent control or for a particular locality which has local rent control, the President may cause a survey to be made by the Bureau of Labor Statistics for the purpose of establishing a rent component for that State or locality. For the purposes of this subsection, State rent control shall be deemed in effect in any State in which maximum rents are controlled pursuant to State law throughout the State, regardless of whether maximum rents are actually in effect in every locality of the State.

"(o) In order to compensate for increases which have occurred in costs and prices, the maximum rent in effect on the date of enactment of this subsection for any housing accommodation shall, upon sworn application, be increased to 120 percentum of the following: The maximum rent for the housing accommodation in effect on June 30, 1947 (or if no maximum rent was then in effect for the housing accommodation, the maximum rent then in effect for comparable housing accommodations), plus the amount of any increase allowed or allowable under this Act for major capital improvements or for increases in living space, services, furniture, furnishings, or equipment, and minus any decrease required or requirable under this Act for decreases in living space, services, furniture, furnishings, or equipment, or for substantial deterioration or failure to perform ordinary repair, replacement, or maintenance. Any increase in a maximum rent applied for under this subsection which is based upon the maximum rent in effect on June 30, 1947, for the particular housing accommodation and upon increases and decreases actually allowed under this Act shall be effective upon the filing of the application. Nothing in this subsection shall require the reduction of any maximum rent, nor prevent such additional adjustment for increases in costs and prices as the President may deem appropriate."

"Sec. 204. Section 205 of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

"Sec. 205. (a) Any person who demands, accepts, receives, or retains any payment of rent in excess of the maximum rent prescribed under the provisions of this Act, or any regulation, order, or requirement thereunder, shall be liable to the person from whom such payment is demanded, accepted, received, or retained (or shall be liable to the United States as hereinafter provided) for reasonable attorney's fees and costs determined by the court, plus liquidated damages in the amounts of (1) \$50, or (2) not more than three times the amount by

which the payment or payments demanded, accepted, received, or retained exceed the maximum rent which could lawfully be demanded, accepted, received, or retained, as the court in its discretion may determine, whichever in either case may be the greater amount: *Provided*, That the amount of such liquidated damages shall be the amount of the overcharge or overcharges if the defendant proves that the violation was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation.

"(b) Any person who unlawfully evicts a tenant shall be liable to the person so evicted (or shall be liable to the United States as hereinafter provided) for reasonable attorney's fees and costs as determined by the court, plus liquidated damages in the amounts of (1) one month's rent or \$50, whichever is greater, or (2) not more than three times such monthly rent, or \$150, whichever is greater: *Provided*, That the amount of such liquidated damages shall be the amount of one month's rent or \$50, whichever is greater, if the defendant proves that the violation was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation.

"(c) Suit to recover liquidated damages as provided in this section may be brought in any Federal court of competent jurisdiction regardless of the amount involved, or in any State or Territorial court of competent jurisdiction, within one year after the date of violation: *Provided*, That if the person from whom such payment is demanded, accepted, received, or retained, or the person wrongfully evicted, either fails to institute an action under this section within thirty days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the United States may settle the claim arising out of the violation or within one year after the date of violation may institute such action. If such claim is settled or such action is instituted, the person from whom such payment is demanded, accepted, received, or retained, or the person wrongfully evicted, shall thereafter be barred from bringing an action for the same violation or violations. For the purpose of determining the amount of liquidated damages to be awarded to the plaintiff in an action brought under subsection (a) of this section, all violations alleged in an action under said subsection (a) which were committed by the defendant with respect to the plaintiff prior to the bringing of such an action shall be deemed to constitute one violation and, in such action under subsection (a) of this section, the amount demanded, accepted, received, or retained in connection with such one violation shall be deemed to be the aggregate amount demanded, accepted, received, or retained in connections with all such violations. A judgment for damages or on the merits in any action under either subsection (a) or (b) of this section shall be a bar to any recovery under the same subsection of this section in any other action against the same defendant on account of any violation with respect to the same person prior to the institution of the action in which such judgment was rendered."

"SEC. 205. Section 206 (a) of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

"(a) (1) It shall be unlawful for any person to demand, accept, receive, or retain any rent for the use or occupancy of any controlled housing accommodations in excess of the maximum rent prescribed under this Act, or otherwise to do or omit to do any act, in violation of this Act, or of any

regulation or order or requirement under this Act, or to offer, solicit, attempt, or agree to do any of the foregoing.

"(2) It shall be unlawful for any person to evict, remove, or exclude, or cause to be evicted, removed, or excluded, any tenant from any controlled housing accommodations in any manner or upon any grounds except as authorized or permitted by the provisions of this Act or any regulation, order, or requirement thereunder, and any person who lawfully gains possession from a tenant of any controlled housing accommodations, and thereafter fails fully to comply with such requirements or conditions as may have been imposed for such possession by the provisions of this Act or any regulation, order, or requirement thereunder, shall also be deemed to have unlawfully evicted such tenant and shall be liable to such tenant, or to the United States, as provided in this Act."

"SEC. 206. Section 202 (a) of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

"(a) The term 'person' includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: *Provided*, That no punishment provided by this Act shall apply to the United States, or to any such government, political subdivision, or government agency."

"SEC. 207. (a) The first sentence of section 202 (c) (1) (A) of the Housing and Rent Act of 1947, as amended, is amended by striking out the following: 'which is located in a city of less than two million five hundred thousand population according to the 1940 decennial census and'.

"(b) Section 202 (c) (1) (B) of the Housing and Rent Act of 1947, as amended, is repealed.

"(c) The proviso in section 204 (h) of the Housing and Rent Act of 1947, as amended, is repealed.

"SEC. 208. Section 202 (d) of the Housing and Rent Act of 1947, as amended, is amended by inserting after '204 (i) (1) or (2)' the following: ', 204 (k), or 204 (l)'.

"SEC. 209. The first sentence of section 204 (b) (1) of the Housing and Rent Act of 1947, as amended, is amended by striking out '(h) and (i)' and inserting in lieu thereof '(h), (i), (k), (l), and (o)'.

"SEC. 210. Nothing in this Act or in the Housing and Rent Act of 1947, as amended, shall be construed to require any person to offer any housing accommodations for rent.

"SEC. 211. (a) The last sentence of section 4 (c) of the Housing and Rent Act of 1947, as amended, is amended by inserting after the word 'section' the following: 'for persons engaged in national defense activities and'.

"(b) Section 4 (e) of the Housing and Rent Act of 1947, as amended, is amended by striking out 'July 31, 1951' and inserting in lieu thereof 'June 30, 1952'.

"(c) Section 4 of such Act is amended by adding at the end thereof the following new subsection:

"(f) For the purposes of this section, any parent of a member of the armed forces of the United States who lost his life in the armed services of the United States since September 16, 1940, shall be considered to be a member of the family of a veteran of World War II."

"SEC. 212. Section 215 of the Independent Offices Appropriation Act, 1946 (59 Stat. 134), and section 213 of the Independent

Offices Appropriation Act, 1947 (60 Stat. 81), are hereby repealed."

And the House agree to the same.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
ALBERT RAINS,
JESSE P. WOLCOTT,
RALPH A. CAMELE,
HENRY O. TALLE,

Managers on the Part of the House.

BURNET R. MAYEANK,
A. WILLIS ROBERTSON,
JOHN SPARKMAN,
J. ALLEN FREAR, JR.,
HOMER E. CAPEHART,
JOHN W. ERICKER,
IRVING M. IVES,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1717) to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The conferees have agreed to a substitute for both the Senate bill and the House amendment. Except for technical, clarifying, and conforming changes, the following statement explains the differences between the House amendment and the substitute agreed to in conference.

IMPORTS ON FATS AND OILS

The House amendment added a new section to Title I of the Defense Production Act of 1950 providing that no imports of certain fats and oils, peanuts, butter, cheese, and other dairy products and rice and rice products shall be admitted to the United States until after June 30, 1953, which would "(a) impair or reduce the domestic production of any such commodity or product below present production levels, or below such higher levels as the Secretary of Agriculture may deem necessary in view of domestic and international conditions, or (b) interfere with the orderly domestic storing and marketing of any such commodity or product, or (c) result in any unnecessary burden or expenditures under any Government price support program." The Senate bill contained a generally similar provision. The conference substitute adopts this provision but provides that (1) the three findings with respect to the respective commodities are to be made by the Secretary of Agriculture, (2) the provision is to apply until June 30, 1952, and (3) the President shall exercise the authority provided in the provision.

ACQUISITION OF REAL PROPERTY

Section 201 of the Defense Production Act of 1950 authorizes the President to requisition both real and personal property under certain circumstances. The House amendment amended this section so as to provide that real property shall not be requisitioned, but may be acquired by condemnation (as well as by other means of transfer) where necessary for the national defense. Safeguards are provided in connection with the use of this condemnation power: Prior negotiation is required, except where undue delay would result; immediate possession may not be ordered surrendered until after a declaration of taking has been filed and deposit

made into court; except where title is in dispute 75 percent of the deposit must be paid to the owner on application. The House amendment also provided that before property is acquired under section 201 for the armed services, agreement must be reached with the Senate and House Committees on Armed Services. The Senate bill contained no provision dealing with condemnation. The conference substitute follows the language of the House amendment except that it permits the requisitioning of certain real property (equipment, facilities, buildings, and other structures) which is to be demolished and used as scrap or is to be removed and used as second-hand material; and the provision relating to the Senate and House Committees on Armed Services is not included.

PURCHASES FOR GOVERNMENT USE OR RESALE

Section 303 (a) of the Defense Production Act of 1950 authorizes the President to purchase metals, minerals, and other raw materials for Government use or resale. The House amendment made five changes with respect to this authority. (1) The House amendment broadened this authority to include materials generally, rather than only raw materials. (2) Agricultural commodities may not now be purchased under section 303 (a) for resale except for industrial uses or stockpiling; the House amendment continued this restriction as to domestically produced agricultural commodities, but eliminated it as to imported agricultural commodities. (3) Section 303 (a) now provides that no agricultural commodity purchased under it may be sold at less than the higher of (A) the current market price, or (B) the minimum price established under section 407 of the Agricultural Act of 1949 for sales of the commodity by the Commodity Credit Corporation. The House amendment rewrote this provision to cover all commodities purchased under section 303 (a), and to provide that they may not be sold at less than the established ceiling price, or, if there is no established ceiling price, the higher of (A) the domestic market price or (B) in the case of an agricultural commodity, the minimum price established under the provision referred to above for sales by the Commodity Credit Corporation. (4) The House amendment provided that no purchase or commitment to purchase any agricultural commodity calling for delivery more than one year after the expiration of the Act shall be made under section 303 (a). (5) A provision is now included in section 303 (b) which forbids purchases under section 303 (a) at higher than currently prevailing market prices except under specified circumstances. The House amendment revised this provision so that it applies to purchases at higher than established ceiling prices, or, if there be no established ceiling prices, currently prevailing market prices. The Senate bill contained no such provisions. The conference substitute contains the provisions of the House amendment, with the following changes: (1) Minerals and metals purchased under section 303 (a) may be sold at less than the established ceiling price, but not less than the current domestic market price; (2) the provision barring contracts calling for delivery more than one year after the expiration of the Act is limited to imported agricultural commodities; and (3) a provision is added that purchases and commitments to purchase under section 303 (a) may not be made for any period extending beyond June 30, 1962.

DIFFERENTIAL SUBSIDIES

The House amendment added a new subsection (c) to section 303 of the Defense Production Act of 1950, authorizing differential subsidy payments on domestically produced materials other than agricultural commodities under certain circumstances. Such payments would be authorized only if the President finds (1) that under generally

fair and equitable ceiling prices a decrease in supplies from high-cost sources of a material will result, and that such supplies must be continued to carry out the objectives of the Act; or (2) that a temporary increase in cost of production, distribution, or transportation threatens to impair maximum production or supply of any material in any area at stable prices. Where the President finds that such a condition exists the subsection authorizes him to provide for subsidy payments on any domestically produced material other than an agricultural commodity in such amounts and in such manner, and on such terms and conditions, as he determines to be necessary to correct the condition. The Senate bill contains no such provision. The conference substitute follows the language of the House amendment, with the following changes: (1) subsidy payments to continue supplies from high-cost sources may be made only on domestically produced raw or nonprocessed materials other than agricultural commodities; and (2) the authority to make subsidy payments where a temporary increase in cost of production, distribution, or transportation threatens to impair the production or supply of a material is modified to authorize such payments only in case of a temporary increase in the cost of transportation.

COMPARATIVE EARNINGS STANDARDS

The House amendment provided that no ceiling price shall be decreased, and no increase in a ceiling price shall be denied, on the sole basis of the comparative profits earned before and after June 24, 1950; it also provided that no adjustment in a ceiling price shall be denied on the sole basis of the profits earned by the same seller from sales of other materials or services. The Senate bill contained no such provision. The conference substitute does not contain this provision of the House amendment.

PRICE ROLL-BACKS AND ADJUSTMENTS

The Senate bill provided that after the enactment of S. 1717 no ceiling price shall become effective which is below either (1) the price prevailing just before the date of issuance of the regulation or order establishing such ceiling price or (2) the price prevailing during the period January 25, 1951, to February 24, 1951, inclusive. With respect to nonagricultural commodities the Senate bill permitted price roll-backs to a period before January 25, 1951, if the ceiling price reflects adjustments for increases or decreases in actual factory and labor costs, including reasonable allowances for other costs occurring subsequent to such period.

The House amendment placed a limitation on price roll-backs only with respect to agricultural commodities, including livestock, and provided that no ceiling shall be established or maintained for any agricultural commodity, including livestock, below 90 per centum of the price received (by grade) by producers on May 19, 1951, as determined by the Secretary of Agriculture.

The conference substitute contains the provisions of the House amendment with respect to agricultural commodities, including livestock. The committee of conference adopted a new paragraph relating to nonagricultural commodities or services. This provides that after the enactment of S. 1717 no ceiling price shall become effective which is below the lower of the price prevailing just before the date of issuance of the regulation or order establishing such ceiling price or the price prevailing during the period January 25, 1951, to February 24, 1951, inclusive. Price roll-backs are permitted provided the ceiling price either (1) is based upon the highest price received for the material or service between January 1, 1950 and June 24, 1950, inclusive, and reflects adjustments for subsequent increases or decreases in costs occurring prior to July 26, 1951 or (2) are established under regulations issued prior to the enactment of S. 1717. The conference

substitute further provides that any person may, upon application and a proper showing of his prices and costs, receive an adjustment of his ceiling prices in the manner prescribed in clause (1) of the provision.

This roll-back amendment will permit the Administration to roll back the price of all gougers to a fair and reasonable level but will protect the fair and reasonable profit of those who have merely added to their prewar prices the necessary and unavoidable costs of doing business which they have since incurred.

CEILING PRICES ON MILK

Section 402 (d) (3) of the Defense Production Act of 1950 contains a special provision governing the establishment of ceiling prices for fluid milk in areas not under a marketing agreement or order issued under the Agricultural Marketing Agreement Act of 1937. The House amendment amended this special provision to make it apply to all milk in such areas. The Senate bill contained no provision on this subject. The conference substitute provides that no ceiling prices to producers of milk or butterfat used for manufacturing dairy products shall be issued unless and until the Secretary of Agriculture shall determine that such prices are reasonable in view of certain prescribed standards.

SALARIES FOR PROFESSIONAL SERVICES

The House amendment contained a provision exempting from wage controls wages, salaries, and other compensation paid for professional services. The Senate bill contained no such provision. The conference substitute limits the exemptions from wage controls to the wages, salaries, and other compensation paid to persons employed in prescribed capacities in the medical and legal profession.

EXEMPTION FOR PUBLIC UTILITIES AND COMMON CARRIERS

Section 402 (e) (v) of the Defense Production Act of 1950 exempts from price control rates charged by any common carrier or other public utility. The House amendment contained a provision which would limit this exemption to any common carrier or other public utility whose proposed increase in any rate or charge is subject to control by a public regulatory authority exercising jurisdiction to approve or disapprove proposed increases in such rates or charges. The Senate bill contained no similar provision. The conference substitute does not contain this provision of the House amendment.

ALLOWANCE FOR GROSS RECEIPTS TAXES

The House amendment provided that where a State or local gross receipts tax or gross income tax is imposed on the sale or delivery of a material or service, the person selling or delivering it may receive for the material or service involved, in addition to the ceiling price, (1) an amount equal to the amount of the tax liability or (2) one cent, whichever is greater. The Senate bill contained no similar provision. The conference substitute retains this provision of the House amendment. It is the intention of the committee of conference that the amounts of such taxes shall not be added when the ceiling prices already take into account the gross receipts and gross income taxes, as in the case of a regulation setting ceilings at the different prices actually prevailing for different sellers upon a base date.

CUSTOMARY MARGINS FOR SELLERS

The House amendment provided that no action shall be taken under title IV of the Defense Production Act of 1950 which denies to a seller of a material at retail or wholesale his customary percentage margin over his cost of the material during the base period, except as to any one specific item of a line of material sold by him which is in short supply, as evidenced by specific Gov-

ernment action to encourage production of the item. For any excepted item, the House amendment provided that the margin shall not be reduced beyond the amount found by the President, in writing, to be generally equitable and proportionate in relation to the general reductions in the customary margins of all other classes of persons concerned in producing and distributing the item. The Senate bill contained no provision on this subject. The conference substitute follows the language of the House amendment with the following modifications: The House amendment was revised so as to be inapplicable to regulations issued prior to the date of enactment of this amendment. It was also changed to permit the President to comply with its provisions by maintaining customary percentage margins for groups of sellers, or groups of commodities, rather than for each seller of each material. This would facilitate administration of regulations prescribing uniform dollars and cents ceilings or percentage margins for groups of sellers or groups of commodities. The amendment was further changed to provide that the percentage margins are required to be preserved only if shown by the sellers, upon the basis of their records, to be the percentage margins over costs of materials during the period May 24-June 24, 1950.

C. O. D. SALES

The House amendment provided that in the case of C. O. D. sales of any commodity where under established practices of the seller a uniform charge is added to the price to cover mailing costs, an increase in the ceiling price shall be allowed, equivalent to any increase in mailing costs resulting from increased postal rates or charges. No similar provision was included in the Senate bill. The conference substitute does not contain this provision of the House amendment.

ADVISORY COMMITTEES—TITLE IV

The House amendment rewrote section 404 of the Defense Production Act of 1950 to provide that in carrying out title IV (price and wage stabilization) the President shall advise and consult with, and establish and utilize committees of representatives of persons substantially affected by regulations or orders issued thereunder, including representatives of businessmen, farmers, workers, and consumers, and, so far as practicable, give due weight to their recommendations. The Senate bill contained no such provision and neither does the conference substitute.

CONSUMER CREDIT CONTROLS

Consumer credit controls are exercised by the Board of Governors of the Federal Reserve System. The Senate bill provided that in the exercise of such credit controls with respect to new or used automobiles (including taxicabs) designed for the purpose of transporting less than ten passengers, no down payment shall be required in excess of 33 1/3 percent and that repayment shall not be required in less than 18 months.

The House amendment provided that in exercising consumer credit controls in connection with automobiles the Board could not require a down payment of more than 33 1/3 percent in the case of new automobiles or 25 percent in the case of used automobiles and that in either case repayment could not be required in less than 21 months. In addition the House amendment placed limitations on the exercise of consumer credit controls in other fields as follows: (1) Household appliances (including phonographs, radios and television sets) 15 percent down, 18 months maturity; (2) household furniture and floor coverings, 10 percent down, 21 months maturity; (3) residential repairs, alterations, or improvements 10 percent down, 36 months maturity, and no down payment may be required for roofing or siding repairs, alterations or improvements in advance of completion thereof. It also provided that the down payments re-

quired by the Board for automobiles, household appliances, and household furniture and floor coverings may be made in cash or by trade-in or exchange of property, or by a combination of cash and trade-in or exchange of property. In addition, it was provided that the Board shall recognize freight costs on automobiles and make due allowances by further extending maximum maturity in connection with installment credit extended for the purchase of automobiles so as to equalize as nearly as practicable monthly payments throughout the United States. The conference substitute, adopted after lengthy discussion, follows the language of the House amendment with the following changes: (1) Automobiles, both new and used, 33 1/3 percent down, 18 months maturity. (2) Household furniture and floor coverings, 15 percent down, 18 months maturity, and (3) the requirement that freight costs on automobiles be recognized and given due allowances by further extending maturities on automobiles is eliminated. The terms with respect to household appliances and residential repairs, alterations, or improvements remained the same as provided in the House amendment.

REAL ESTATE CREDIT CONTROLS

Under the authority of section 602 of the act, regulation X has been promulgated which sets credit restrictions on homes financed other than through the Government assisted programs such as the FHA and the GI bill. The House amendment contained a provision which was not included in the Senate bill providing that no regulation issued under section 602 of the act shall prescribe a minimum down payment of more than ten per centum, or a maximum maturity of less than twenty-five years in connection with the purchase of any home where the purchase price does not exceed \$10,000. The Senate bill contained no such provision.

Real estate credit controls on Government assisted financing such as the FHA and GI programs are imposed under authority contained in Section 605 of the Defense Production Act. The Senate bill placed a limitation on the exercise of such credit controls with respect to GI home financing so that no more than 6 percent down payment shall be required in connection with the loan on any home guaranteed by the Veterans' Administration pursuant to the Servicemen's Readjustment Act of 1944, as amended, and the transaction price of which home does not exceed \$12,000, except that if, on the basis of residential units started in any three consecutive months, the President finds that the probable number of residential units to be started in a succeeding 12-month period are exceeding 850,000, he may suspend this provision for such period or periods as he shall specify.

The House amendment provided a more general limitation on credit controls exercised over GI home financing in that no more than 6 percent down payment shall be required in connection with the loan on any home guaranteed by the Veterans' Administration pursuant to the Servicemen's Readjustment Act of 1944, as amended, and the cost of which home does not exceed \$12,000, without reference to the number of housing units to be started in any 12-month period.

The committee of conference after full discussion agreed that the provisions dealing with housing credit terms should be considered in connection with the defense housing bill passed by the Senate and pending before the House Committee on Banking and Currency, which bill deals with all phases of the defense housing.

The Committee on Banking and Currency has scheduled immediate consideration on this measure and expect to report the measure to the House for its consideration at an early date. Accordingly the conference substitute does not include the housing credit terms of the House amendment.

STATE REPRESENTATION IN REGIONAL OFFICES

The Senate bill provided that among the policy-making officers of each regional office administering price or wage controls a resident of each State served by the office shall be included if the governor requests such representation. The House amendment contained no such provision, but it is contained in the conference substitute.

LIMITATIONS ON STATISTICAL INFORMATION

Section 109 (d) of the House amendment would have authorized the President, in the interest of the national defense, to dispense with any of the statistical work in which any executive department or establishment is directed by law to engage. The Senate bill contained no such provision and neither does the conference substitute.

EXCLUSIVE JURISDICTION FOR THE FEDERAL COURTS

Section 109 (e) of the House amendment would have made it clear that Federal courts have exclusive jurisdiction of criminal cases, except where otherwise provided in the Defense Production Act, regardless of the amount in controversy. The Senate bill contained no such provision and neither does the conference substitute.

SMALL DEFENSE PLANTS

The Senate bill rewrote section 701 of the Defense Production Act so as to include comprehensive provisions establishing a Small Defense Plants Administration to assist and encourage small business in making a full contribution to the defense production effort.

The House amendment inserted a new section 714 which established an independent Small Defense Plants Corporation, to carry out the same purposes.

In general the powers of the Administration in the Senate bill and the Corporation in the House amendment were similar. Each measure, however, contained certain provisions which were not in the other. The more important of these are as follows:

1. The Small Defense Plants Administration provided for in the Senate bill was placed under the general direction and supervision of the President. The Small Defense Plants Corporation provided for in the House amendment was also subject to the general direction and supervision of the President. However, the House amendment provided that the Corporation should not be affiliated with or be within any other agency or department of the Federal Government. The conference substitute contains this provision of the House amendment.

2. The Senate bill contained a definition of "small business concern" for purposes of this section. This provision was adopted in the conference substitute.

3. The Senate bill provided that the revolving fund of \$50,000,000 authorized for the use of the Corporation should be utilized for the purposes set forth in subsection (b) (1) (B), (C), and (D) of the section.

4. The House amendment authorized the Administrator of the Corporation to determine and prescribe the manner in which the Corporation's obligations might be incurred and its expenses allowed and paid. This provision is not included in the conference substitute, in accordance with the principles behind the decision to make use of an administration instead of a corporation.

5. The House amendment empowered the Corporation to purchase, lease, or build plants, to purchase or produce equipment, and machinery, and to lease, sell, or dispose of such land, plants, and equipment to small business concerns. This provision was not included in the Senate bill and is not contained in the conference substitute.

6. The Senate bill and the House amendment authorized the Administration and the Corporation to certify to procurement officers as to the competency of the Administration or Corporation to perform Government procurement contracts. The Senate

bill authorized the procurement officer to let the procurement contract to the Administration on such terms as might be agreed upon between the Administration and the procurement officer. The House amendment required the procurement officer to let the contract to the Corporation on terms specified by the Corporation. The conference substitute contains the Senate provisions.

7. The House amendment authorized the Corporation to transfer parts, equipment, and facilities to the Reconstruction Finance Corporation and authorized the Reconstruction Finance Corporation to manage the property as the agent of the Corporation. As the Administration would not purchase and build plants and equipment, the Senate bill did not contain a similar provision and the conference substitute does not contain this provision.

8. The Senate bill and the House amendment contained a provision authorizing the taking of action to provide small business concerns with an adequate incentive to engage in defense and essential civilian production and to facilitate the conversion and equipping of plants of small business concerns. The Senate bill specifically excluded the use of subsidies for this purpose. The conference substitute contains the Senate provision.

9. The House amendment authorized the Corporation to certify to the Reconstruction Finance Corporation the amount of funds required to convert small business plants to defense production. As other Senate amendments adopted in the conference substitute provided for similar authorization elsewhere in the section, the Senate bill omitted this provision and the conference substitute does not contain this separate provision.

10. The Senate bill and the House amendment authorized certification to procurement officers with respect to the competency, as to capacity and credit, of small business concerns or groups of such concerns to perform procurement contracts. The House amendment contained a further provision directing the procurement officers to accept such certification of competency and credit as conclusive. The conference substitute contains this provision with respect to conclusive certification.

11. The House amendment contained a prohibition against granting to prime or subcontractors certificates of necessity under section 124A (e) of the Internal Revenue Code for the construction or acquisition of facilities when other similar productive facilities are available elsewhere. The conference substitute does not contain this provision.

12. The Senate bill and the House amendment contained similar provisions requiring that a fair and equitable percentage of allocated materials be made available to the Administration or Corporation to be allocated by it to small plants unable to obtain materials from usual sources. In order to prevent upsetting the present arrangements made for small business concerns by the allocating agencies the conference substitute provides that a fair and equitable percentage of allocated materials shall be allocated to small plants unable to obtain the necessary materials and supplies from usual sources. The conference substitute contains the provision, included in both measures, that the percentage shall be determined by the head of the allocating authority after giving full consideration to the claims presented by the Administration.

13. The Senate bill authorized the President to transfer to the Administration any functions, powers, and duties of any department or agency which relates primarily to small business problems. Similar authority was not contained in the House amendment.

The conference substitute contains this provision of the Senate bill.

14. The Senate bill contained a provision requiring applicants receiving loans to disclose the names and fees of attorneys or agents employed to expedite applications. The Senate bill also provided that applicants must agree that for two years after the loan is made they will not employ any person who served as an officer or employee of the Administration within the year preceding the date of the loan in a job involving discretion with respect to the loan. The House amendment did not contain a similar provision. The conference substitute contains this provision.

15. The Senate bill required the Administration to make a fair charge for the use of Government-owned property and to make and let contracts on a basis that would result in a recovery of direct costs incurred by the Administration. The House bill did not contain a similar provision. The conference substitute contains this provision.

The Senate bill, being an amendment to section 701 of the Defense Production Act, contained certain provisions now in that section. Since the provisions of the conference substitute with respect to the Small Defense Plants Administration are contained in section 714, these provisions have been omitted from the new section 714 and are to be found in section 701.

The committee of conference wishes to emphasize that pending the complete establishment of the new Small Defense Plants Administration, existing administrative aids to small business shall be continued in full force.

RENT CONTROL

The following is a summary of the differences between the House amendment and the conference substitute with respect to rent control:

1. The Senate bill provided that in establishing maximum rents in critical defense housing areas, the President shall give consideration to the rents prevailing during the period May 24, 1950, to June 24, 1950. The House amendment required him to consider the rents prevailing at the time rent control is established. The conference substitute contains the Senate language.

The retention of the Senate language will permit the Administrator to establish rental ceilings based upon levels prevailing during May 24, to June 24, 1950, with appropriate adjustments if he so determines. This would permit the reduction of those exorbitant rentals charged our service men and others in and around congested defense and military areas to rentals charged for comparable housing accommodations before the impact of the Korean War. It would also permit the imposition of rentals on those government owned housing projects, like in Oak Ridge, Tennessee, to those prevailing on May 24-June 24, 1950, thus placing such government owned projects on a comparable basis with privately owned housing accommodations. This also applies in the case of rentals for housing accommodations in Greenbelt, Maryland.

2. The House amendment provided that a locality which has been decontrolled as a result of local action under section 204 (j) (3) of the Housing and Rent Act of 1947 shall be entitled to notice of its inclusion within a critical defense rental area, and that maximum rents shall not be established in such locality until sixty days after such notice. If within such sixty days its governing body adopted a resolution finding that any of the criteria required for certification as a critical defense rental area did not exist in such locality, the House amendment provided that the certification as a critical defense housing area shall not be effective with respect to such locality, either for the pur-

pose of establishing maximum rents or for the purpose of suspending real estate construction credit restrictions. These provisions, however, were not to be applicable to housing accommodations occupied by, or by the family of, a member of the Armed Forces stationed at an Armed Forces installation in or adjacent to the locality. Then Senate bill did not contain any similar provision and neither does the conference substitute.

3. The Senate bill provided for the relaxation of real estate construction credit controls in critical defense housing areas to the extent necessary to encourage construction of housing for defense workers and military personnel. In lieu of this, the House amendment provided for the suspension of such controls in such areas for new housing costing not more than certain specified amounts. The conference substitute provides that when an area has been certified as a critical defense housing area rent control may be imposed provided that credit restrictions on housing have been relaxed by the President to extent necessary to encourage the production of housing for military personnel and defense workers. Under this provision, the agency responsible for the enforcement of rent control is authorized to impose rent ceilings once the President has determined that adequate relaxation of real estate credit controls has taken place.

4. The Senate bill provided that States and localities having State or local rent control shall be excepted from the authority to control rents in critical defense housing areas, unless their rents rise more than the national average, as shown by the rent components of the Consumers' Index of the Bureau of Labor Statistics. The House amendment did not contain such an exception. The conference substitute follows the Senate language.

5. The House amendment required the establishment in the Greenbelt, Maryland, suburban resettlement project of maximum rents equal to 120 per cent of the rents in effect on January 30, 1942, plus or minus adjustments provided for by section 204 (b) (1) of the Housing and Rent Act of 1947. The Senate bill did not contain any similar provision and neither does the conference substitute.

EXTENSION OF DEFENSE PRODUCTION ACT OF 1950

The House amendment provided that all provisions of the Defense Production Act of 1950 shall terminate June 30, 1952. The Senate bill provided that titles IV, V, and VI of the Act (relating to price and wage stabilization, settlement of labor disputes, and credit controls) shall terminate February 29, 1952, and that the remainder of the Act shall terminate June 30, 1953, although it shall be effective after June 30, 1952, only to the extent necessary to aid in carrying out Government defense contracts made before July 1, 1952. The conference substitute contains the House provision.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
ALBERT RAINS,
JESSE P. WOLCOTT,
RALPH A. GAMBLE,
HENRY O. TALLE,

Managers on the Part of the House.

EXTENSION OF REMARKS

By unanimous consent permission to extend remarks in the Appendix of the RECORD, or to revise and extend remarks, was granted as follows:

Mr. CARNAHAN in two instances and to include extraneous matter.

Mr. CLEMENTE and to include an article by Hon. JAMES J. DELANEY.

Mr. RANKIN in two instances and to include extraneous matter.

Mr. GRAHAM to revise and extend his remarks made today and to include extraneous matter.

Mr. BYRNE of New York and to include a letter from a veteran.

Mr. REED of New York in three instances and to include extraneous matter.

Mr. HOFFMAN of Michigan in three instances and to include extraneous matter.

Mr. BEALL and to include an address delivered by Hon. JAMES P. S. DEVREUX.

Mr. VINSON and to include a report by Mr. BROOKS.

Mr. FALLON and to include a joint resolution.

Mr. DOYLE to extend the remarks he made in the Committee of the Whole and include appropriate extraneous material.

Mr. MARTIN of Massachusetts (at the request of Mr. BROWN of Ohio) and to include extraneous material.

Mr. HINSHAW and to include certain extraneous matter with his remarks to be made in Committee of the Whole.

Mr. MILLER of California (at the request of Mr. PRIEST) in two instances and to include extraneous matter.

Mr. RIVERS (at the request of Mr. PRIEST) and to include an address by Mr. Robert Ramspeck.

Mr. BARING (at the request of Mr. ROGERS of Colorado) and to include a letter.

Mr. MCGUIRE (at the request of Mr. ROONEY) and to include resolutions adopted by the Disabled Veterans of America.

Mr. ROONEY in two instances and to include in one a letter addressed to him by Assistant Secretary of State Edward W. Barrett and the enclosures attached thereto, and in the other an article appearing in the Washington Daily News relating to the Voice of America.

Mr. MANSFIELD to revise and extend the remarks he made in Committee and include a copy of House Joint Resolution 296 and three newspaper articles.

Miss THOMPSON of Michigan and to include an article appearing in the Michigan Potato Growers News.

Mr. GOODWIN and to include the order of services at the funeral of Admiral Forrest P. Sherman at Arlington Cemetery this afternoon.

Mr. D'EWART (at the request of Mr. KEATING).

Mr. KEATING in two instances and to include extraneous matter.

Mr. SHEEHAN (at the request of Mr. REED of Illinois) and to include a newspaper article.

Mr. POULSON (at the request of Mr. HILLINGS) to revise and extend his remarks made in Committee of the Whole and to include extraneous matter.

Mr. HILLINGS in two instances and to include extraneous matter.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. POULSON (at the request of Mr. ENGLE) for 2 weeks beginning July 31, 1951, on account of official business of the Irrigation and Reclamation subcommittee.

Mr. HUGH D. SCOTT, JR. (at the request of Mr. GRAHAM) until September 15, 1951, on account of official Government business.

Mr. LANE, for 1 day, July 30, 1951, on account of death in family.

Mr. McDONOUGH (at the request of Mr. POULSON), for an indefinite period, on account of illness.

Mr. CAMP, for four legislative days, on account of official business.

Mr. GOLDEN, from July 30 to and including August 6, 1951, on account of Kentucky primary elections and select nominees for all State and district offices.

ADJOURNMENT

Mrs. KEE. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 9 minutes p. m.), under its previous order, the House adjourned until Monday, July 30, 1951, at 12 o'clock noon.

July
30

House of Representatives

MONDAY, JULY 30, 1951

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Almighty God, we thank Thee for the dawning of this new week bringing unto us many wonderful opportunities to live courageously and helpfully.

We pray that daily we may become more reverently appreciative and worthy of our high calling to be partners with one another in building a nobler social order for all mankind.

Grant that we may be willing and able to accept our share of the responsibility for defending and conserving those lofty ideals and principles which alone will make our civilization truly great.

May we never become indifferent toward the glorious enterprise of establishing the kingdom of peace and righteousness upon the earth. Let us not give up hope, and may the doubts and fears which at times assail us never harden into despair and defeatism.

Hear us in the name of our blessed Lord who is our refuge and strength and help in time of trouble. Amen.

THE JOURNAL

The Journal of the proceedings of Friday, July 27, 1951, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Landers, its enrolling clerk, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 168. An act for the relief of Helmuth Russow and Volker Harpe.

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 360. An act for the relief of Stefan Lenartowicz and his wife, Irene;

S. 470. An act for the relief of Sister Bertha Pfeiffer and Sister Elzbieta Zabinska; and

S. 1229. An act for the relief of Jan Josef Wieckowski and his wife and daughter.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 3282. An act making appropriations for the Treasury and Post Office Departments and funds available for the Export-Import Bank of Washington for the fiscal year ending June 30, 1952, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints

Mr. KILGORE, Mr. MAYBANK, Mr. McCLELLAN, Mr. McKELLAR, Mr. JOHNSTON of South Carolina, Mr. ECTON, Mr. BRIDGES, and Mr. SALTONSTALL to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 3973. An act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1952, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. RUSSELL, Mr. HAYDEN, Mr. O'MAHONEY, Mr. McCARRAN, Mr. ELLENDER, Mr. WHERRY, Mr. YOUNG, and Mr. FERGUSON to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 4329. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1952, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HILL, Mr. O'MAHONEY, Mr. McCLELLAN, Mr. FERGUSON, Mr. WHERRY, and Mr. NEELY to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1717) entitled "An act to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended."

ARMED FORCES RESEARCH AND DEVELOPMENT WORK

Mr. SABATH, from the Committee on Rules, reported the following privileged resolution (H. Res. 358, Rept. No. 772), which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 1180) to facilitate the performance of research and development

work by and on behalf of the Departments of the Army, the Navy, and the Air Force, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

CONSTRUCTION OF EXPERIMENTAL SUBMARINES

Mr. SABATH, from the Committee on Rules, reported the following privileged resolution (H. Res. 359, Rept. No. 773), which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 1227) to amend further the act entitled "An act to authorize the construction of experimental submarines, and for other purposes," approved May 16, 1947, as amended. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

DEFENSE PRODUCTION ACT AMENDMENTS OF 1951

Mr. SPENCE. Mr. Speaker, I call up the conference report on the bill (S. 1717) to amend the Defense Production Act of 1950, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

CALL OF THE HOUSE

Mr. BROWN of Ohio. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 139]

Anfuso	Ellsworth	Murray, Wis.
Armstrong	Engle	O'Neill
Baring	Evins	Perkins
Bender	Gillette	Poulson
Bonner	Golden	Powell
Bosone	Gore	Preston
Bow	Hale	Rabaut
Bray	Hall	Ramsay
Breen	Edwin Arthur	Redden
Brehm	Hall	Roosevelt
Brownson	Leonard W.	Saylor
Busbey	Kennedy	Scott
Camp	Kilburn	Hugh D., Jr.
Chatham	King	Sheehan
Chenoweth	Latham	Shelley
Corbett	Machrowicz	Smith, Kans.
Davis, Tenn.	Mack, Ill.	Taber
Dawson	Martin, Mass.	Vinson
Denton	Mason	Vorys
Dingell	Morgan	Watts
Doughton	Morton	Wharton
Durham	Moulder	Whitaker
Eberhart	Murray, Tenn.	Wood, Ga.

The SPEAKER. On this roll call 358 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

PROCEDURE IN CONDEMNATION
PROCEEDINGS

Mr. WALTER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the Senate joint resolution (S. J. Res. 82) to amend title 28 of the United States Code so as to add thereto a chapter relating to procedure in condemnation proceedings, with amendments of the House thereto, insist on the amendments of the House, and ask for a conference with the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. CELLER, WALTER, and REED of Illinois.

CORRECTION OF RECORD

Mr. SIEMINSKI asked and was given permission to make certain corrections in his remarks made on Tuesday, July 24, 1951.

DEFENSE PRODUCTION ACT AMENDMENTS
OF 1951

The SPEAKER. The gentleman from Kentucky [Mr. SPENCE] calls up the conference report on the bill (S. 1717) to amend the Defense Production Act of 1950, and for other purposes, and asks unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

Is there objection?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of July 27, 1951.)

Mr. SPENCE. Mr. Speaker, I yield myself 12 minutes.

(Mr. SPENCE asked and was given permission to revise and extend his remarks and include a letter.)

Mr. SPENCE. Mr. Speaker, I signed the conference report on this bill in order to bring it back to the House for its consideration, but I was not satis-

fied with the conference report then, and I am not satisfied now. I am going to vote for the conference report because it will continue the only law on the statute books that even purports to give the power to control prices.

If you vote down this conference report you are going to destroy the Defense Production Act because it expires tomorrow night and there will be no authority anywhere to control prices, wages, or rents.

I do not think this bill will give the power to effectively control prices. It is a sellers' bill, but I do not think we can get any better bill than this, and I think the President when it is sent to him will be compelled to sign it in order to carry out the program for economic stabilization as far as he can. General Marshall said the other day that any relaxation on our part of any of the defense measures would bring us closer to war. I believe it is true; I believe we must do everything to stabilize our economy not only to assure our own people that they will be protected, but also to warn our enemies that we intend to do what we can to preserve our liberties and strengthen our defense.

I realize that industry has its rights; I realize that industry should be treated fairly; I realize that unless we do give industry an opportunity to make a fair profit it will be harmful not only to industry but to our general economy and to the interests of everybody in the United States. But I think they went a little far in this bill.

It is provided in this conference report that no ceiling shall be established lower than prices that prevailed during the period from January 25, 1951, to February 24, 1951, which was a high-price period—a period in which controls were put on prices—or the price that prevailed immediately prior to the issuance of the order, whichever is the lower. I cannot see much hope for reducing prices with a formula such as that; you cannot make the ceilings any lower than they were in those two periods, and they are both high-price periods.

This formula together with the requirement to maintain historic mark-ups for retailers and wholesalers should assure high prices and little price control. This will have a vital effect on the farmer as it will result in an increase in the price of every thing he is compelled to buy, especially in the machinery and equipment field.

If that is the best we can get, we can do no more than attempt to hold the present line. It is also provided that the seller may take the period during 6 months previous to the Korean War, the highest price period during that time, and add to that all of the increases in his manufacturing costs, direct and indirect, all of the administrative expenses of every kind, character, or description—which, I suppose, means not only the office expenses but the advertising expenses and maybe lobbying expenses—and that will be his price.

Mr. BOLLING. Mr. Speaker, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Missouri.

Mr. BOLLING. On that particular section I have a couple of questions. The adjustment formula on roll-backs contained in section 104 (e) does not speak as to cost increases or decreases after July 26. As to them, do the other provisions of the act apply, the fair and equitable provisions, and so on?

Mr. SPENCE. Yes; they do.

Mr. BOLLING. One more question pertaining to the same section. I should like to confirm my understanding as to section 104 (e) of the conference substitute, which requires OPS, on application, to grant adjustments for cost increases up to July 26. As I understand it, this provision applies to manufacturers, processors, and all who engage in selling services. Wholesalers and retailers of materials are governed instead by section 104 (h) of the conference substitute, the so-called Herlong amendment, which affords them protection against cost absorption. Under the Herlong amendment, OPS will be unable to require shrinkage of May-June 1950 percentage margins over costs of materials. Is that correct—that this Herlong section governs the wholesalers and retailers of materials, while section 104 (e) governs manufacturers, processors, and sellers of services?

Mr. SPENCE. That is my understanding.

Mr. FULTON. Mr. Speaker, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Pennsylvania.

Mr. FULTON. Would the gentleman explain what he meant by the effect of the law on business after the July 26 date that the gentleman spoke of in his first question?

Mr. BOLLING. I merely wanted to find out if there was a provision for taking into account increases or decreases.

Mr. FULTON. What was the answer?

Mr. BOLLING. The answer was "Yes." I went on to inquire as to the other provisions of the act which deal with the fair and equitable matter and whether they applied in that kind of a situation.

Mr. FULTON. Would that mean there would be roll-backs after July 26?

Mr. BOLLING. I should think so.

Mr. SPENCE. Yes; there would be.

Mr. FULTON. Will the gentleman answer that question?

Mr. SPENCE. Yes; I think that is correct.

Mr. WOLCOTT. Mr. Speaker, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Michigan.

Mr. WOLCOTT. I do not want the gentleman's answer in the affirmative in response to the question asked by the gentleman from Missouri [Mr. BOLLING] to stand as the unanimous opinion of the conferees. There is a dispute as to the application of that and so far as I am personally concerned my understanding of it is not the understanding of the gentleman from Kentucky and my answer to the question would have been in the negative.

Mr. WILLIAMS of Mississippi. Mr. Speaker, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Mississippi.

Mr. WILLIAMS of Mississippi. In the House bill there was a provision placing a 6 percent minimum down payment limitation on GI home loans. It is my understanding that the Senate bill contains almost an identical provision. Now, the two having been in agreement, the committee of conference took that language completely out.

Mr. SPENCE. We took everything out with reference to real estate. We are going to incorporate it in another bill which we are considering now.

Mr. WILLIAMS of Mississippi. Can we be assured that the 6 percent provision will be incorporated in that measure?

Mr. SPENCE. I cannot assure you of anything, but that is being considered. I cannot tell what the committee is going to do, but we will bring a bill back that will consider all of the provisions that were in the bill.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Georgia.

Mr. COX. I should not like the gentleman to feel, Mr. Speaker, that in the consideration of this measure he has suffered anything of a defeat. I know that the gentleman has fought a brave fight, and if this conference report is adopted I am certain that there is justification for saying that he shall have won a great victory.

Mr. SPENCE. I thank the gentleman for his kind statement. The statement I made was not made in any spirit of humiliation. Victory and defeat are very much the same, if you stay here long enough. One of them does not exalt me very much and the other does not depress me.

I ask the House to vote up the conference report because I think it is the best we can do under the circumstances. We have the best bill that could be gotten, and I hope that it will go to the President and that he can see nothing else but to sign it. I hope that it will be more effective than I think.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Is there anything in this conference report that will enable action to be taken in relation to this disgraceful situation that the subcommittee of the Senate Committee on Armed Forces found existing in and around Army camps?

Mr. SPENCE. Yes, if the Secretary of Defense and the Director of Defense Mobilization declare these areas to be critical defense areas, rent control may be established under this bill, and I think it very proper, and it seems obvious to me, that they will do so. Under leave granted I herewith include a letter from Secretary Acheson in regard to the amendment prohibiting the importation of fats and oils. In conformity with the suggestion made in this letter I introduced the following amendment which was stricken on a point of order. I hope something may be done to remedy the condition of which the Secretary com-

plaints and which I fear may result in serious difficulties:

At page 50, line 4, add the following: "(b) Section 704 of the Defense Production Act is amended by adding at the end thereof the following: 'Agricultural import restrictions which are not necessary to enforce allocation measures shall not be applied under this act if the Secretary of Agriculture considers that they would be likely to affect adversely the agricultural export trade of the United States.'"

DEPARTMENT OF STATE,

Washington, D. C., July 27, 1951.

The Honorable BRENT SPENCE,
House of Representatives.

MY DEAR MR. SPENCE: I wish to express to you my deep concern regarding the so-called fats and oils amendment to the Defense Production Act which both Houses of Congress have adopted and which is now under consideration in your conference committee. This provision, if enacted into law, will needlessly cut off overseas markets for American agricultural products and will handicap our efforts to develop the defensive strength of the free world.

As you know, the amendment would direct the Secretary of Agriculture to restrict the imports of a variety of fats and oils and dairy products to the extent necessary (1) to avoid reduction of domestic production below present levels or below any higher production goals which might have been set or (2) to avoid interference with orderly marketing or storing of a commodity or (3) to avoid any unnecessary burden or expenditure under any price-support program.

It is difficult, of course, to be able to say exactly how extensive the restrictions will be which the Secretary of Agriculture will be compelled to apply under these provisions; final determinations on this score could probably be made only after careful study. Nevertheless, it is already clear that a good many products which the American public now obtains from abroad will be threatened with new restrictions or outright embargo. The consequences of these restrictions on American agriculture are easy to foresee. Many of our agricultural products, such as apples, citrus fruits, cotton, and tobacco, depend heavily on overseas markets. The obvious step for other countries to take in meeting the United States threat to restrict their products is to impose counter restrictions in retaliation. We can reasonably anticipate that such counter restrictions will in fact be imposed and that, on balance, American agriculture will suffer from the provision.

The adverse effects of this provision, however, will extend well beyond American agriculture. In our efforts to raise the economic and military strength of the free world we have persistently sought to encourage the greatest possible interchange of goods among friendly nations. Major results have been achieved. Under the General Agreement on Tariffs and Trade, tariffs have been substantially reduced throughout the free world. Likewise, import restrictions imposed for balance-of-payments reasons have begun to show signs of relaxation. Canada has eliminated such restrictions while many other countries have substantially relaxed them. We have been particularly successful in achieving a sweeping relaxation of trade barriers affecting intra-European trade.

This progress has been achieved in good part because of the position of moral leadership which we were able to assume. Few countries have questioned our good faith when we argued that we believed in international competition and were prepared to set an example with our own domestic policies. If the fats-and-oils provision is enacted into law, this showing of good faith now can and

certainly will be challenged. Our ability to encourage close economic relations within the free world is bound to be seriously impaired.

The proposed provision will have other and more immediate effects on our defense efforts. A number of countries place heavy reliance on their exports to the United States to earn the dollars by which they can purchase materials necessary for their rearmament and the maintenance of a tolerable living standard. Any substantial decline in their exports here will force them either to curtail their military efforts or to request additional aid of the United States. For some countries, the products listed in the proposed provision are exported in substantial volume to this country. Nine countries have already expressed concern to this Government on that score.

In conclusion, I would like to draw your attention to the opinion recently expressed by the Department of Agriculture that no further authority to control imports is needed in view of authority already contained in existing legislation. Section 101 of the Defense Production Act authorizes import restrictions necessary in the interests of national defense. Imports of flaxseed and rice have already been prohibited under this authority. In addition, under section 22 of the Agricultural Adjustment Act as amended there are authority and an established procedure for limitation of imports of any product on which there is an agricultural program (including price support) whenever it is found that imports are or are practically certain to interfere materially with such a program. A new procedure was recently added by the Trade Agreements Extension Act of 1951 to assure quick action under section 22 in emergency conditions affecting perishable agricultural products.

For the reasons expressed above, I am convinced that the enactment of the proposed fats-and-oils amendment is unnecessary and would be positively harmful to the interests of the United States.

Sincerely yours,

DEAN ACHESON.

Mr. Speaker, I yield 15 minutes to the gentleman from Michigan [Mr. WOLCOTT].

Mr. WOLCOTT. Mr. Speaker, at the risk of being charged with making an overstatement I am going to say that the conference report, as it comes back to the House, gives the President all of the authority needed to control prices and prevent prices from getting wholly out of alignment if it is judiciously administered. Perhaps it is unfortunate that the Congress cannot administer satisfactorily any law which is passed. What the Congress can do is to establish standards, the policy, and then the executive establishment, under the Constitution, is given the obligation of enforcing the law.

There are fundamental differences of opinion between the executive and the legislative branches of our Government in respect to certain provisions of this law. The basic difference lies in the fact that there are those in this administration who would use this or any other emergency to change the very form of the American Government. We have reduced the authority which, if exercised, might change the form of government to the very minimum.

Let it be understood that in almost all of the cases where the President asked for and did not get additional authority, the authority was denied to him because

it was felt that an improper use of the authority for which he had asked might change the very form of the American Government, and that it was our duty and our obligation as Representatives of a free people to write standards and limitations into this as well as any other bill which would prevent anyone from socializing America or changing this country of ours from a free state to a totalitarian state.

In keeping with that philosophy, in keeping with the desire of the Congress to safeguard the American system of government, we deleted in the House, in the Senate, and in the conference, almost all of the powers asked for which might have resulted in the change of the very form of the American Government.

In doing so we had to throw up certain safeguards which, of course, are obnoxious to those who consciously or unconsciously would use these powers perhaps to destroy America.

I believe, notwithstanding my own participation in the effort, that the Congress has done a masterful job in giving in this bill to the President all the powers which are required to stabilize the American economy if he insists upon trying to stabilize the American economy through the use of these direct controls, which I might predict cannot function fully to accomplish fully that purpose. But inasmuch as we have adopted as a matter of policy the control of our economy or the stabilization of our economy through the use of direct and not indirect controls, this bill gives him the authority, a little more than I wish it did in many respect, to control certain segments of our economy to the point where he can through the judicious use of these powers stabilize our economy, if he will supplement these direct controls with the indirect controls which we have spoken of here, which are now under his jurisdiction, and come within the jurisdiction of the Federal Reserve Board under general laws and under the Federal Reserve Act.

In substance we have in the formula adopted encouraged production to a point where, through production, our economy can be stabilized if the formula is interpreted according to the intent of Congress and is administered in accordance with the intent of Congress. Everyone agrees—everyone should agree—that it is only through production that we can get sufficient goods to meet the demands sufficiently to keep down prices; that price controls alone—direct price controls and direct credit controls—cannot and will not keep prices down unless the controls are administered in such a manner as to encourage full production which, with the American capacity to produce, should be sufficient to accomplish the stabilization result which we all seek. That is my feeling in respect to this bill.

I think if you read the statement of the managers on the part of the House, you will understand that what we have done is in keeping with this philosophy which I have announced. I might say that no one who wishes to preserve the American system and who wants to get full production of defense and consumer goods should feel that he has suffered any de-

feat whatsoever in the enactment of this conference report. I feel the conference report should be overwhelmingly adopted as an evidence that this Congress is willing to go to extremes even in certain matters to give the President authority to stabilize our economy. I see no reason why, under the present circumstances, the conference report should not be adopted with the hope, and perhaps a goodly amount of prayer, that it shall be administered according to the interpretation which we intend shall be placed upon it judiciously, without rancor and without partisanship, to the point where the economy shall be stabilized and the American system preserved.

Mr. BROWN of Georgia. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. BROWN of Georgia. It is my understanding that the slaughter-quota amendment prevents the OPS from limiting the quantity of livestock that a slaughterer can kill, but that it does not, however, limit the authority of the OPS to continue with its present registration program; is that correct?

Mr. WOLCOTT. That is absolutely correct. We do not disturb the licensing of slaughterers in this bill. We merely remove any limitation upon the amount that they can slaughter. In that manner we encourage the slaughtering of all of the beef which we can grow. One of the principal arguments against slaughtering quotas is that even though we produce, as we will produce this year, more meat than perhaps we have ever produced before, with a slaughtering quota of 90 percent or even 100 percent of present quotas, we could not bring that increased production to market. So you force everything in excess of even 100 percent of quotas into the black market. So any provision for slaughtering quotas, instead of being, as many contend, a safeguard against black marketing, will encourage black markets. A person who goes into a black market does not bother about whether he is violating one law or two laws. He is already violating one law in respect to prices.

It reminds me of the provision of the old liquor laws, where it was a crime to possess liquor, and it was a crime to transport liquor. Any man who was violating the prohibition laws did not bother about whether he was violating the law against transportation as well as the law against having it in his possession.

So with respect to slaughtering, the black marketeers do not bother about whether they are violating one law or two laws. They realize they are violating the law anyway.

The method by which we can control is the method which has been used traditionally in licensing slaughterers.

Mr. DONDERO. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Michigan.

Mr. DONDERO. May I ask the gentleman what the conference report did in regard to rent control? I am greatly interested because a number of cities in my district have decontrolled rents.

What happens to those cities, under this conference report?

Mr. WOLCOTT. Under the conference report, those cities would not be re-controlled without initiation and approval of the local governing bodies, except in those cases where the Secretary of Defense and the Director of War Mobilization, General Marshall and Mr. Wilson, determined the areas to be critical areas, in conformity with the standards set up. Then, even after rent control has been established by having the area declared a critical area, the local governing bodies can decontrol it in 60 days afterward. Then, after that, Mr. Wilson and Secretary Marshall can re-control it.

That may seem that it creates a situation whereby the local governing bodies and the Federal Government would be in a series of conflicts going over a great many months, but the purpose of it is to compel representatives of the Federal Government, the Secretary of Defense, and Mr. Wilson, to first confer with the local governing bodies. If the local governing bodies say, "No. We do not want recontrol; it is not necessary to recontrol; we have enough houses," then the Secretary of Defense and Mr. Wilson put the rent controls on at their peril, knowing that the local governing body is going to take them off. So what it does is to compel a conference between the local governing boards and the Secretary of Defense and Director of War Mobilization, before the rent controls are placed in critical areas.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. BROWN of Ohio. As I understand the joint resolution which we adopted, it prohibited MPR order 22 and MPR order 30 from going into effect during the 31-day extension period. May I inquire what this bill does? Will MPR 22 go into effect, with certain restrictions written into the conference report?

Mr. WOLCOTT. No, sir.

Mr. BROWN of Ohio. It will not?

Mr. WOLCOTT. No, sir; it will not.

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. SPENCE. Mr. Speaker, I yield five additional minutes to the gentleman from Michigan.

Mr. WOLCOTT. I thank the gentleman.

Mr. SPENCE. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. SPENCE. As I understand, the gentleman said that the order MPR-22 would not go into effect.

Mr. WOLCOTT. That is my understanding of the language on page 5 of the conference report.

Mr. SPENCE. It permits roll-backs so far as they are provided for in the order.

Mr. WOLCOTT. That is a difference of interpretation.

Mr. SPENCE. It permits them to go back and include their cost.

Mr. WOLCOTT. All right. The language on page 5 of the conference report reads:

Upon application and a proper showing of his prices and costs by any person subject to a ceiling price, the President shall adjust

such ceiling price in the manner prescribed in clause (1) of the preceding sentence. For the purposes of this paragraph the term "costs" includes material, indirect and direct labor, factory, selling, advertising, office, and all other production, distribution, transportation, and administration costs, except such as the President may determine to be unreasonable and excessive.

If the gentleman is correct, under this language OPS would activate MR-22 order at its peril. I do not think they are going to take a chance of putting them into effect only to have them thrown out the next day.

Mr. FORD. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. FORD. This conference report permits roll-forwards for firms and industries which were caught in a squeeze prior to the imposition of ceilings.

Mr. WOLCOTT. That is right.

Mr. SADLAK. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. SADLAK. Further on this matter of rent control, and I refer the gentleman to page 30, if an area that had been decontrolled was again recontrolled would it go back to the level of May 24-June 24, 1950, as stipulated on page 30?

Mr. WOLCOTT. Not necessarily; it could be established at any level in accordance with standards for rent control where set up, and any adjustments that might be made to that level are the adjustments that could have been made anyway. Rent controls could be set in the area, notwithstanding any provision of this law, 120, 150, or 200 percent above the rents prevailing on these dates.

Mr. SADLAK. Also on page 30 I find it is stated that under the provisions of this bill they can go in and clean up an area or situation such as that talked about in congested areas and around military camps.

Mr. WOLCOTT. Oh, yes. Within the periphery of camps and other installations the Secretary of Defense and the War Mobilizer may, if they determine them to be critical areas, reimpose rent controls in those areas to correct that situation.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. HALLECK. Is it not fair to say that the language contained in the conference report is substantially the language of the so-called Wolcott amendment, which was offered in the House when the measure was before us? Hence the arguments made in respect thereto would apply to this language so far as the legislative intent is concerned.

Mr. WOLCOTT. I have no pride of authorship, but I think this language which we adopted here is ever so much more acceptable than the language contained in the amendment which I offered.

Mr. JAVITS. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. JAVITS. Will the gentleman say whether the door is closed to quotas on slaughtering even though it proves im-

possible to administer price control without them?

Mr. WOLCOTT. I think it is; yes; most definitely.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield further on the maximum price regulation?

Mr. WOLCOTT. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. As I understand it, if MPR 22 should be put in effect, the manufacturer could come in and show his increased costs; am I correct?

Mr. WOLCOTT. Yes.

Mr. BROWN of Ohio. Is there any time limit within which the OPS must act to give relief or a higher price ceiling which the applicant has requested?

Mr. WOLCOTT. Yes; a very practical limit on the time that they must act, because the penalty provisions of the act would not apply to any prices which do not reflect his highest price between January 1, 1950, and June 24, 1950, plus his additional costs. He could not be penalized.

Mr. BROWN of Ohio. They would have to prove him guilty, in other words?

Mr. WOLCOTT. Yes.

The SPEAKER. The time of the gentleman from Michigan has again expired.

Mr. SPENCE. Mr. Speaker, I yield such time as he may desire to the gentleman from California [Mr. McKINNON.]

[Mr. McKINNON asked and was given permission to revise and extend his remarks.]

Mr. McKINNON. Mr. Speaker, I shall vote for this conference report, not because I feel that it is the complete answer to our stabilization problem but because it is the lesser of two evils: An inadequate price control bill or no control bill at all.

I feel that Congress has failed to pass adequate, workable legislation that can stabilize our living costs and make it possible for our Government to procure weapons of war at sound prices.

While I feel that the conferees have worked hard to make the best of a bad legislative situation, at the same time it is evident that some of the things we have failed to do and some of the amendments which were offered on the floor of the House and Senate, add up to a bill that will be difficult and costly to administer and it will result in increased cost rather than lower cost to the American families and the American taxpayers.

As I have said, I shall vote for the bill, but only with sad misgivings that the Congress has failed to discharge its responsibilities.

Mr. SPENCE. Mr. Speaker, I yield 10 minutes to the gentleman from Texas [Mr. PATMAN].

[Mr. PATMAN asked and was given permission to revise and extend his remarks.]

SMALL DEFENSE PLANTS ADMINISTRATION

Mr. PATMAN. Mr. Speaker, I share the views expressed by the chairman of

the Committee on Banking and Currency, the distinguished gentleman from Kentucky [Mr. SPENCE]. Although this bill is a disappointment to me in many ways, it is a better bill than passed the House and it is a better bill than passed the Senate. However, I am not as optimistic as the distinguished gentleman from Michigan [Mr. Wolcott] because I believe there are so many limitations and restrictions in the bill that I doubt there is a satisfactory way to enforce the law. But it is the only thing we have. Without it we would have chaos. So the only thing we can do is to vote for this conference report. It is the only alternative. There is no conference to recommit it to. The conferees on the other side have been discharged because the other body has adopted the report. So now it is up or down, either take it or leave it.

This conference report contains one provision that 261 Members of this House are vitally interested in, I know. That is the provision setting up and establishing a Small Defense Plants Administration. That is a good part of this bill.

The House provision contained a provision that it should be a separate and independent agency and it should not be affiliated with any other agency of our Government.

The provision inserted by the other body was different. So that was really the test in passing upon the differences between the two Houses. The House provision means we will have a separate and independent agency. It will be operated by a manager. The language of the act is:

The management of the Administration shall be vested in an Administrator who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be a person of outstanding qualifications known to be familiar and sympathetic with small-business needs and problems. The Administrator shall receive compensation at the rate of \$17,500 per annum. The Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator. The Administrator is authorized to appoint two Deputy Administrators to assist in the execution of the functions vested in the Administration. Deputy Administrators shall be paid at the rate of \$15,000 per annum.

I want to tell you in just a few words as I can what it will mean. As the situation exists now, a Member of Congress is called upon by a small-business man to help him. He calls one of the many agencies in Washington that has a small-business division to help his constituent. His constituent goes there. But his troubles have just commenced. He has got to go to a dozen places. He cannot find his way around. He is in confusion. He cannot get a contract and if he does get a contract he cannot get the money. So he is left in a state of confusion.

Under the terms of this amendment—and I am really proud of it for the Members who sponsored it—there will be a place in Washington, D. C., and in all the principal cities throughout the country where they will have offices of this

type or character under one roof to which your small-business men can go. He can get all the information he wants. He can get all the help he wants. If there is any running around to be done, this agency will do it for him. And, there will be a lot of running around to do. Some of these contracts have to do with the Department of Commerce. Some of them have to do with the Department of the Interior, especially minerals, including petroleum, and things like that. Many of these problems will relate to the Office of Price Stabilization; many of them will relate to scarce materials. There will be a dozen or more different problems that this small-business man will have to deal with and under the existing situation, if he has no place to go, no central agency to go to get that valuable assistance and technical advice, he will be unable, first, to get a contract and, second, to execute the contract after he has obtained it. But here, under one roof, he will be able to go and get all that service and get all that help. For instance, the question of financing will come up. The agency will be able to advise him if it is the type of contract that will enable him to get a loan through the Federal Reserve Bank known as a V-loan, or whether it is one that he should seek aid from the Reconstruction Finance Corporation or whether it is one that local banking institutions, with a guaranty of the Government, will be able to take care of locally. Advice like that will be given by the agency to help the small man, all under one roof, I repeat.

In the getting of these contracts the question of taking a contract from a large concern that has obtained a prime contract will come up. In many instances this agency itself, the Small Defense Plants Administration, will be able to take the prime contract and then allocate the contract in parts out to small concerns all over the country. This group, the Small Defense Plants Administration, will be able to investigate the credit standing and the ability to perform of any concern in the United States for a rating for that concern, and whatever this agency says about the credit standing and the ability to perform will be taken as conclusive by any agency of our Government, and that is a very valuable feature, I must insist. Like it is now, when a procurement agency is anxious to let a contract of some kind for the manufacture of an essential war machine, what does the procurement officer do? Just like you would do or just like I would do. He gives it to a big concern like General Motors or General Electric, a concern about which there is no doubt as to its ability to perform or as to its credit rating. Then if there is some mistake made about that contract you cannot blame the procurement officer because he used good judgment, whereas if he had taken your concern in your district, which is just as good as any little concern in the world could possibly be, and whose credit rating is good and whose ability to perform is excellent, and then something happened, the procurement officer would be blamed. But, that is the object of this provision, and that is to place the

responsibility in an agency to certify financial standing and ability to perform which shall be conclusive to that procurement officer. Then if he gives it to the small concern, nobody can criticize him. He is not vulnerable, and I think that is an excellent provision.

Mr. BARDEN. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from North Carolina.

Mr. BARDEN. I just want to say to the gentleman that if the law operates as the gentleman has described it, there has been a great contribution. But I should like to say this, that during the last war and so far in this one the consideration and the relief of and the dealing with small business and small contractors has been a myth.

Mr. PATMAN. It has been disappointing.

Mr. BARDEN. It has been worse than that. It has been disgusting. The only way you can get in is through a big contract.

Mr. PATMAN. If the gentleman were a procurement officer himself, he would be very reluctant to pick out some unknown small concern and give a contract to it, in view of the fact that larger concerns whose credit standing and ability to perform are unquestioned were available to take the contract. In the one case, if anything happened he would be vulnerable. He would take the responsibility. In the other case he used good judgment and he would not be vulnerable. Of course, the large concern is the one that would get the contract.

Mr. BARDEN. I do not think it is quite that simple, because they do approve subcontracts to little contractors, and they must have the same information for that approval as they do with the big contractor.

Mr. PATMAN. I do not agree with the gentleman that the procurement agencies select the subcontractors. They do not. There is where the big concern comes in, and there is where this agency will be helpful to the big concern. There are a lot of big concerns, in fact most of them that have a genuine interest in small concerns. Most of their contracts they sublet. It will be of great benefit to them to have some agency to go to whose judgment this large concern can rely upon as to the credit standing and ability to perform a contract. In that way, it will help these concerns in their efforts to try to get some contracts from the larger concerns. So this agency will help in two ways. One, it will help the small man get some of the cream and some of the velvet by getting a direct contract from the procurement agency, and the other one is to help him get a subcontract from the large prime contractor.

SMALL DEFENSE PLANTS ADMINISTRATION—MEMBERS PRAISED FOR ASSISTANCE IN SECURING PASSAGE—261 MEMBERS COSPONSORED AMENDMENT—SMALL-BUSINESS ANTIMONOPOLY CONFERENCE CREDITED FOR ITS FINE WORK

Mr. Speaker, small-business men throughout the Nation will remember this Congress for its wise and foresighted action in creating the Small Defense Plants Administration. This agency will

serve a purpose similar to that of the Smaller War Plants Corporation in World War II, assisting small businesses in obtaining fair and equal participation in the mobilization program.

The House Small Business Committee has spent a fair proportion of its time during the past year in gathering evidence on the problems of small business related to the national emergency. The need for such an agency became more and more apparent as the committee's field hearings progressed. Every member of the committee deserves high praise for the successful conclusion of this work. I can say sincerely that every member of the committee has worked hard, faithfully, and without partisanship.

Many other Members of the House also deserve credit for the establishment of the Small Defense Plants Administration. The House Banking and Currency Committee gave the proposal sympathetic consideration and reported the amendment virtually as it had been presented by the Small Business Committee.

In addition, a total of 261 Members became cosponsors of the amendment. To my knowledge, this is the largest number of Members ever to sponsor a legislative proposal. The Members who threw their weight and influence behind the amendment as cosponsors aided immeasurably in its passage, and they deserve the highest praise.

The complete list of cosponsors is carried in the July 20 RECORD, page 8790, and again I wish to call to the attention of everyone interested in American small business the Members of the House actively participating in the passage of the small defense plants amendment. The cosponsors of the Small Defense Plants Administration have proved themselves to be friends of small business, and they deserve recognition as such. Each member of the House Small Business Committee is grateful for the support it has received from every Member of this House. It is gratifying to the committee that not a single voice was raised in opposition to the amendment. This bespeaks the favorable and sympathetic consideration which I know every Member accorded this needed legislation.

Members of the Small Business-Antimonopoly Conference, which is composed of consumer, farm, labor, and small-business organizations, also gave the amendment splendid support. Particularly active in behalf of the amendment were the following:

National Farmers Union; National Council of Farmer Cooperatives; National Federation of Independent Business, Inc.; National Food Brokers Association; National Grange; United States Wholesale Grocers' Association; American Federation of Labor; Congress of Industrial Organizations; Associated Retail Bakers of America; Cooperative League of the United States; International Association of Machinists; National Association of Independent Tire Dealers; National Association of Retail Druggists; National Candy Wholesalers Association, Inc.; and National Congress of Petroleum Retailers.

In the other body, the distinguished Senator from Alabama, the Honorable

JOHN SPARKMAN, chairman of the Senate Committee on Small Business led the fight which resulted in a bill on the subject being in both bills which made it so much easier for the conferees. Our two small-business committees worked together in getting this fine legislation passed.

I only wish that I could name each of the many individual small-business men who have worked for the establishment of the Small Defense Plants Administration. Scores of them have written to the committee offering their assistance in working for such an agency. Everywhere the committee has gone during its field hearings in 24 States, it has found small-business men and their local organizations to be aware of the need for the Small Defense Plants Administration, and the committee has received full cooperation from such individuals and groups.

Beyond doubt, the creation of the Small Defense Plants Administration will stand out as one of the greatest accomplishments of the present Congress. Small-business men throughout the Nation should be aware—and I am confident they are aware—that this Congress has recognized the problems of small business and has acted to alleviate them.

As chairman of the House Small Business Committee, I wish to convey my sincere appreciation to all of those who were instrumental in the approval of the Small Defense Plants Administration. Their efforts will prove to be of immeasurable assistance to small business throughout the present mobilization period.

I desire to repeat a statement which our committee has stressed time and time again. It is this:

Small business demands no more than an equal opportunity—an equal opportunity in dealing with its Government and an equal opportunity to compete fairly in the market places of our country.

We believe in the present national emergency that vigorous administration of the small defense plants amendment to the Defense Production Act will do much to keep the scales of opportunity in balance.

The conferees agreed on the establishment of a Small Defense Plants Administration to assist small business in obtaining defense contracts, scarce materials for civilian consumption, and loans for working capital and expansion. The Administration will have the following functions:

First. To recommend small-business loans to the Reconstruction Finance Corporation up to a maximum of \$100,000,000 outstanding.

Second. To enter into contracts with other Government agencies, and in turn to let subcontracts to small-business firms.

Third. To act as a claimant agency for small business in the allocation of materials.

Fourth. To certify a small-business concern or group of concerns to procurement officials, upon which certification the procurement officials are authorized to let contracts without other requirements as to capacity or credit.

Fifth. To determine, jointly with procurement agencies, that contracts or portions of contracts should be let to small concerns in the interest of mobilizing the Nation's full productive capacity or in the interest of the national defense program.

Sixth. To recommend changes in price, credit, and other controls in the interest of small business.

Seventh. To make an inventory of the productive facilities of small-business concerns.

Eighth. To determine what constitutes small business in any industry.

Ninth. To provide technical and managerial aids to small-business concerns.

Mr. SPENCE. Mr. Speaker, I yield 3 minutes to the gentleman from Iowa [Mr. TALLE].

Mr. TALLE. Mr. Speaker, I have asked for this little time for two reasons: In the first place, I think it is appropriate for me to pay a well-deserved tribute to the gentlemen in both Chambers with whom I was privileged to work in conference. I have never sat down with any group that has been governed more definitely by a clear-minded, fair-minded, high-minded spirit than the 13 gentlemen with whom I was privileged to serve. They deserve that tribute and I am happy to give it. We did the best we could, and we believe it is a good conference report. I intend to vote for it and I recommend its adoption.

In the second place, I want to say that from here on out, after this report becomes law, the success or failure of the long-time and arduous effort we have put into this bill will depend on the kind of administration we get from the Office of Price Stabilization. Neither OPS nor any other organization can succeed unless it is administered well. No matter how good the law, it will fail if the administration is bad.

Recalling the OPA days of World War II, one way in which OPS can earn for itself a good name is to issue regulations that are clear and simple. I at this time recommend that the officials of OPS put on the walls of their offices these words from I Corinthians xiv: 9:

Except ye utter by tongue words easy to be understood, how shall it be known what is spoken? For ye shall speak into the air.

Remembering some of the regulations issued in OPA days, I recommend this admonition from Holy Writ for practical use by OPS.

I am sure we are all agreed that orders and regulations should be simple. OPS should conduct its affairs in such a way as to establish for itself respect and win for itself the confidence of the American people, for without that confidence it must fail.

I shall close my brief comments by quoting something I came upon yesterday when I had the first opportunity, in a long time, to do a little desultory reading. It is from the essayist, Hazlitt, as follows:

Violence ever defeats its own ends. Where you cannot drive you can always persuade. A gentle word, a kind look, a good-natured smile can work wonders and accomplish miracles. There is a secret pride in every human heart that revolts at tyranny. You may order an individual, but you cannot make him respect you.

Mr. Speaker, I want the OPS to carry on its work in a manner that will earn the respect of the American people.

The SPEAKER. The time of the gentleman from Iowa has expired.

Mr. SPENCE. Mr. Speaker, I yield such time as he may require to the gentleman from Nebraska [Mr. BUFFETT].

Mr. BUFFETT. Mr. Speaker, the passage of Senate 1717 rings the bell ending another round of shadow boxing by Congress with inflation, spiraling prices, and associated economic ills.

If the tragedies being created by inflation were not so far-reaching, this sham battle and mock fight against inflation would be ridiculously funny.

But there is nothing humorous about the destruction of the middle classes of America by deliberate and relentless inflation, and that is what is happening today.

In this legislation there is only one section that even comes into contact with actual inflation, meaning, of course, expansion of the money supply. The solitary item dealing with actual inflation is the section which deals with consumer credit controls.

On that item the action of Congress through this bill is inflationary—not anti-inflationary—for current restrictions on credit expansion of the money supply are weakened seriously.

Yet, the proponents of this measure would have you believe that this bill is to stop inflation.

How absurd!

Never during debate on this measure did anyone inform the House where price controls had successfully halted depreciation of the currency.

Never during the debate did any proponent tell the House where inflation had been halted without the restoration of a currency redeemable in gold on demand.

And so inflation and its inevitable consequence, higher and higher prices, is the continued prospect facing the American people.

Happy today must be the growing army of cunning speculators, black marketeers, and thieving politicians, who seek a rigged economic picture to ply their nefarious trades.

Frightening as this vicious regimentation in the pattern of Russia is, yet the American people can still overcome this cruel blow. Price control is tyranny. Thomas Jefferson declared, "Resistance to tyranny is obedience to God."

The American people are sensing that truth—and resistance at the grass roots may not be far off. Patriots have a stern and patriotic duty to resist in every appropriate way legislation that strikes at their liberties and God's laws. OPS does both.

It is to be devoutly wished that it will not be too long before Congress will discover its fantastic mistake in attempting to repeal the natural law of supply and demand.

The price control blackout of economic liberty, on which all human liberty is based, cannot succeed.

The real question now is whether Congress will rectify this mistake before irreparable damage is done to the American system of competitive enterprise, the

system that has brought to humanity the greatest blessings, both spiritual and material, ever enjoyed by any people at any time in all history.

Mr. SPENCE. Mr. Speaker, I yield 1 minute to the gentleman from South Carolina [Mr. RIVERS].

Mr. RIVERS. Mr. Speaker, I want to pay my respects to the Members representing this body in the conference committee. I think we have the best bill we could get. It falls far short of what we wanted, because the rich man is still the only one who can get a new automobile because of the persuasiveness of the other body. But the poor man still has to pay \$80 a month minimum on a new automobile. Thank God he can get some furniture and he can get a television set if nobody else wants it. But we have been able to help him a little. I notice in this morning's paper that the inventories of manufacturers in this Nation have risen to \$39,000,000,000 in June, which is \$10,000,000 or more than it was in May. The inventories in this Nation are staggering. There is no warehouse space left anywhere for inventories because of regulation W. The textile industry has almost all inventories because of the other regulations. This is not a good bill. I am going to vote for it because there is no conference to send it back to—the other body took care of that. But we will do the very best we can.

The SPEAKER. The time of the gentleman from South Carolina has expired.

Mr. SPENCE. Mr. Speaker, I yield such time as he may require to the gentleman from Michigan [Mr. CRAWFORD].

[Mr. CRAWFORD addressed the House. His remarks will appear hereafter in the Appendix.]

(Mr. TALLE asked and was given permission to revise and extend his remarks.)

(Mr. REED of New York asked and was given permission to extend his remarks at this point.)

Mr. REED of New York. Mr. Speaker, S. 1717, the control bill does not touch the issue of inflation. The currency has been diluted ever since 1933. The currency supply has been increased from \$38,000,000,000 to \$18,000,000,000 in 1951. This is cheap money. It is fiat money that purchases less the more it is expanded in amount. Such money leads to extravagant spending, waste, and corruption. Until there is a return to a sound currency—a currency backed or supported by gold and silver—inflation will continue. It will be recalled, too, that inflation has been the policy of each administration since 1933. The slogan has been if prices cannot be increased one way then they must be by some other way. Limitation of acreage, destruction of millions of pigs by burning or by drowning has brought about shortages, thus higher prices. Billions of eggs have been dumped into caves. Potatoes have been made inedible. But by the trainload has been allowed to spoil. No sound economy can withstand such waste, corruption, and shortages. Controls, such as are found in S. 1717

will stifle production, yet production is one way to stem the tide of inflation.

All that S. 1717 will do is to create a fat political payroll. It is regimentation par excellence a la New Deal. It is a repetition of the OPA. Controls are overcome so far as price fixing is concerned by manufacturing an inferior article and foisting it on the regimented consumer. It will be recalled that Lou Maxon, Detroit advertising man and business executive, resigned as Deputy Administrator of OPA in July 1943 because he found the organization so bound up in legalistic red tape that Houdini himself could not untangle it.

S. 1717 as a cure to inflation is as effective as a cure as a plaster on a broken spine.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, about the only thing we can do, in the light of the present circumstances with the present law expiring tomorrow night, is to vote for this conference report. My state of mind is pretty much like that of the gentleman from Kentucky [Mr. SPENCE] and the gentleman from Texas [Mr. PATMAN]. It seemed to me as I listened to my friend, the gentleman from Michigan [Mr. Wolcott] speaking that what he was trying to do was to build up a defense in 1952 against the inflation which he thinks is bound to come as a result of the passage of this bill if it is enacted into law.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. BROWN of Ohio. The reason I asked the gentleman to yield is that, as I understood the gentleman from Kentucky [Mr. SPENCE], he said this is not a good bill but that he is going to vote for it because it is the best we could get—and if I understood the gentleman from Texas [Mr. PATMAN] correctly he said it is a much better bill than either the one passed by the House or the one passed by the other body. So I am all confused. I would like to know whether this is a worse bill, or a better bill, than the original and who is right about that?

Mr. McCORMACK. Either bill which was passed by either branch of the Congress was a very poor bill. So that anything that came out of conference could not be much worse. It had to be better.

Mr. SPENCE. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Kentucky.

Mr. SPENCE. I stand on my original statement.

Mr. McCORMACK. Yes.

The gentleman from Michigan [Mr. Wolcott] as he was speaking, was handing out a soft palliative of preserving our country against a change in our form of government, and against the socialization of America. As the gentleman so eloquently and quietly spoke—usually in the Eightieth Congress it was with strong emphasis—my mind went back to the Eightieth Congress when the question of socialization was directed at low cost and public housing and many

other bills that were pending in that Congress. My thoughts went back in recollection of those arguments during the Eightieth Congress, when my good friend from Michigan [Mr. Wolcott] and three or four other of our Republican leaders played very important part by their arguments and positions on that occasion in the election of President Truman in 1948 and in sending back to the Eighty-first Congress a Democratic-controlled House and Democratic-controlled Senate. Those arguments have been going back to 1933. We heard the same arguments against social security. We heard the same argument against the control of the stock exchanges in robbing the American people. We heard the same argument against the control of our private power and private gas companies, the regulating of them in the interest of the public. That legislation constituted socialism, so they argued. We even heard that argument advanced against the minimum wage legislation. We heard it advanced against practically all legislation over the past 20 years. But the people of America realize that what was done under the late Franklin Delano Roosevelt and what is being done under the leadership of Harry S. Truman is to strengthen America by preserving and strengthening the family life of our country.

The SPEAKER. The time of the gentleman from Massachusetts has expired.

Mr. SPENCE. Mr. Speaker, I yield the gentleman one additional minute.

Mr. McCORMACK. I think now I might make a few observations of a non-controversial nature that every Member will agree with. There is no Member of the House of Representatives who is more highly respected than the gentleman from Kentucky [Mr. SPENCE]. The middle aisle means nothing as far as friendship is concerned. We have our political differences that the middle aisle represents no difference as far as respect of one for the other, whether Democrat or Republican, is concerned.

The gentleman from Kentucky [Mr. SPENCE] is not only a man of great ability and strong intellect and intellectual honesty, but a man of outstanding courage. The people of Kentucky, and particularly the people of the congressional district which the gentleman from Kentucky [Mr. SPENCE] has so outstandingly represented, may well be proud of him.

It has been my great pleasure during the years I have served in this House to say that I was able to serve with the gentleman from Kentucky [Mr. SPENCE]. I value his friendship as one of the finest recollections I have. The people in his district can well be proud of the outstanding Representative they have in this body.

The SPEAKER. The time of the gentleman from Massachusetts has again expired.

Mr. ARENDS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and sixty-one Members are present, a quorum.

Mr. SPENCE. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia [Mr. Brown].

(Mr. BROWN of Georgia asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Georgia. Mr. Speaker, it is very difficult to write any control bill affecting all business, all commodities, and all the people generally. The conferees did the very best they could to carry out the wishes of the majority of the Members of the House.

I believe the bill will be workable if properly administered. I hope the conference report will be adopted in spite of the fact that the lobbyists are against it and the administration is not pleased with all the provisions in the bill.

Mr. SPENCE. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. HOLIFIELD].

(Mr. HOLIFIELD asked and was given permission to revise and extend his remarks.)

Mr. HOLIFIELD. Mr. Speaker, without any criticism at all toward any member of the committee or any of the conferees on the result of this legislation, I think it should be very definitely known to the American people that this bill does not give to the President very much or very many of the seven points which he said he would need in order to control inflation. It does not give the provisions that Charles E. Wilson said would be necessary to control the inflation and stabilize the economy. It does not give the provisions that Eric Johnston, former president of the United States Chamber of Commerce, said would be necessary to control inflation. It does not give the President the powers which his Economic Advisory Board stated that he needed to prevent further inflation.

I believe that the bill does give power of allocation to the President on materials; I believe it gives aid to production; and, of course, I think that is very important. I shall, therefore, vote for this bill. I recognize the value of setting up the Small Defense Plants Corporation which the gentleman from Texas [Mr. PATMAN], spoke about at some length, and I think those are good things. But I do believe that we are facing inflation. Since June of last year we have had a 10 percent inflation; it has reduced the purchasing power of the dollar in the defense effort by about 20 percent. I predict that between now and a year from today we will have another 10 percent inflation which will further take from the pockets of the American people that percentage of the standard of living that 10 percent represents.

It will also reduce the purchasing power of our present defense appropriations by several billion dollars.

The approval now given by the gentleman from Michigan [Mr. WOLCOTT] and other gentlemen on the Republican side of the aisle is a clear indication to me that they realize that the present bill is ineffective. I make this statement in view of their traditional opposition to effective price controls.

Their further statement that effective opposition to inflation now depends on the skill of administration is in my opin-

ion designed to establish a base for partisan political criticism in the 1952 campaign when the inevitable inflation incident to the weakness of the bill finally occurs.

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks at this point in the Record on the pending conference report.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. HELLER. Mr. Speaker, although the compromise defense production bill, which we are now considering in its final form, is an improvement over the original bill adopted by the House, it is still far from satisfactory. The best that we can say about it is: it is better than nothing. It assures us some form of price, wage and rent control for the coming year, but it contains so many weaknesses that I would hesitate at this point to say whether the measure is good or bad, whether it will succeed in holding the price line even at its present high level or whether we would in the long-run be better off without this weak measure.

Under the present circumstances it is probably the best we can obtain in Congress, but for the sake of the record it should be noted that we are enacting a measure which is weak and which does not give the President sufficient power to deal with inflationary conditions. If the situation should really get out of hand, if it should turn out that instead of a roll-back of prices we actually should find that there is a roll-forward, then we will have caused irreparable damage to our national economy.

Perhaps the most glaring fundamental weakness in the enactment of this so-called controls measure is our utter disregard of the American public, of the consumers generally, and our show of favoritism toward certain groups and vested interests. This is most unreasonable and inexcusable. If Congress as a whole, and individual members in particular, should shortly discover that the public has become extremely disillusioned and resentful over the ineffectual action taken to hold the price and to check the march of inflation, they should not be too surprised.

Under these circumstances, I shall reluctantly vote for approval of the conference report.

EFFICACY OF PRICE CONTROLS

Mr. CRAWFORD. Mr. Speaker, we have listened to the statements of the members of the House Committee on Banking and Currency as they relate to the new price-control bill which has just been reported by the conferees. At this particular moment may I make the observation to the effect that the official Government economists privately agree that a temporary recession of considerable proportions is now underway.

This is all evidenced by the break in the price level on goods at the retail counter, and on wholesale prices. Furthermore, the changed attitude on the part of the Treasury officials with re-

spect to the manner in which the Federal debt is now being managed, indicates that prices are more likely to decline, at least for the short term, than they are to advance.

Should there be an agreement reached to cease fire in Korea, it is quite evident that irrespective of the amount of funds that may be appropriated by the Congress for defense purposes, the military administrators of those funds will calculate that the fighting machinery in the blueprint stage will be more effective than the implements of war which are on hand and which are flowing from the production lines.

The military will not be interested in having a great volume of obsolete military equipment on hand immediately following the cessation or disappearance of a crisis.

Should retail prices, as well as wholesale prices continue to decline, it is reasonable to assume that many of the proponents of price controls will claim that the approval of the price control bill was the prime reason for the declines. But the fact remains that the recession is now underway. Of course if the Korean truce conferences accomplish nothing, and if war is greatly expanded and activated on the Korean front, and if difficulty breaks out in Iran or some other far-away spot, we may find the inflationary forces will again take control of our economy and the present declines be reversed with great advances in prices over and above anything we have witnessed.

In submitting its midyear economic report to the President, his Council of Economic Advisers makes clear its short-term doubts about economic prospects. Apparently the Council fully recognized existence of some uncertainty in the immediate economic outlook even if the security program continues on a high level of expenditures. The Council, of course, did not dare to make precise forecast of the length and the depth of the lull which is now present. It is well to bear in mind, however, that the Council does appear to have fear of the inflationary pressures which it expects to eventually come forth as the defense program is expanded.

The Federal Reserve bulletin points out that the availability of long-term credit in the mortgage and corporate and municipal bond markets was considerably curtailed by developments following the announcement of the Treasury-Federal Reserve agreement in early March. It appears that some holders of marketable Government bonds, such as insurance companies and savings banks, have been selling heavily from their portfolios in order to raise funds to meet the surplus demand for long-term credit, and the volume of such sales has been greatly in excess of buying by other private investors. To prevent declines in prices of Government securities, the Federal Reserve purchased the excess of Government bonds offered for sale, and thereby increased both the money supply and the volume of reserves that banks had available as a basis for expansion of their credits.

We should not overlook the fact that the policies and operations of the Treasury, as they relate to the management of the public debt, exercise a tremendous influence on the stability and well-being of the Nation's economy. The successful managing of revenue measures and borrowing programs, so as to make the most effective contribution to our powers of production, is one of the most difficult and important problems we have before us.

The management of the debt in such a manner as to place the largest possible proportion of Government securities in the hands of nonbank investors, is absolutely necessary to soften or neutralize the forces of inflation on our economy. To make a real job of this, it is necessary for the Treasury to substantially reduce the proportion of the marketable Federal debt held by the commercial banks. In the absence of such action on the part of the Treasury and with continued deficit financing, a price control bill must necessarily prove to be ineffectual.

PRICE DECONTROL

Mr. SABATH. Mr. Speaker, it is this or nothing. Therefore, I voted for the conference report, it being the best that the conferees could agree upon.

But, unfortunately, it is almost the worst bill that Congress could pass if we wish to arrest inflation and the high cost of living.

The conference report embodies a provision to exempt from rent control the avaricious apartment hotels in Chicago. This was done notwithstanding the 1947 experience when they were exempted from controls and nearly all of the owners of middle-class apartment hotels increased rents all the way from 50 to 200 percent. This was not done merely for the purpose of raising rents or with the intent that the tenant might be able to pay the increase, but to get the tenants out, notwithstanding that many of them lived in their apartments for years. The purpose was to cut up the apartments into single rooms and smaller apartments, in order to squeeze the last drop of rent money from people who had no choice but to take the inadequate quarters at exorbitant charges or sleep in the streets. There were some owners who did not go so far, but I fear that exempting them from rent control at this time will induce them to follow the other avaricious owners. This action will affect, I am informed, from forty to fifty thousand tenants. Where they will be able to go, God only knows, I do not. Consequently, I will introduce a resolution or bill to repeal this provision in the hopes of saving these unfortunate people.

The enactment of the roll-back restriction provision is outrageous limitation on the power of the Government to deal effectively with inflation. Instead of reducing the already high prices of the packers, the canners, and other big industries, it handcuffs the Government's efforts to hold them where they are, and thereby assures and guarantees still greater profits to the gougers.

Another provision forbids the use of slaughtering quotas, although Mr. Di-

Salle, Director of the Office of Price Stabilization, makes it clear that it would be impossible to stop black marketing without the power to use them.

In addition, I fear this bill will bring about such inflation as to effect the value of the outstanding Government bonds held by 80,000,000 American citizens, who bought them on the assurance that they would be worth more after being held for 10 years. Instead, due to the action of the Republican-Dixiecrat coalition, I fear that the bonds will continue to sell for less than their par value.

In fact, there are other inequities in the bill, but, it is to be regretted, the control legislation expires on the 31st of July, which is tomorrow, and I am obliged, with reluctance, to vote for the conference report. As I said previously, it is this unfair law or nothing.

Mr. FURCOLO. Mr. Speaker, all who believe in the need for price control concede that the legislation agreed on in conference is bad and ineffective to do the job. In fact, the legislation practically guarantees inflation and high prices. It is unfair to the great majority of our people.

It will not give relief to the people of this Nation who need help so badly. It tends to guarantee high profits rather than low prices. It is a snare and a delusion. It is a fraud and a deception upon the people of this Nation.

I am in favor of a good and a strong price control bill. The present report is so weak and bad that it should not even be called price control.

The great danger of this bill is this: the public is going to be temporarily lulled into a feeling of security in the belief that price control legislation is in effect. Actually, nothing could be further from the truth.

The only hope of getting good and effective price control legislation is by voting down this conference report. The people of this Nation must be told frankly and honestly that the present legislation will not and cannot do the job that must be accomplished if we are to prevent inflation and give the people any relief from a skyrocketing cost of living. The only way the people can be told that effectively is by voting down this conference report so that the people will be awakened into knowledge and realization of the situation.

It is better for the people to be informed of this now rather than to learn it later through bitter and costly experience.

In my opinion, we should vote against this report now. Only in that way will there be an opportunity for a good strong control bill to be presented to us. Let the people know exactly what kind of legislation this is, how bad it is, how it guarantees high prices, how it will prevent roll-backs, how it will cause increases in the price of almost everything, and why it is bad legislation.

Let the public know what is needed to effectively combat the high cost of living. We should vote against this report and give the people a chance to realize the gravity of the situation and to fully comprehend the pitifully weak and inadequate legislation which has

been proposed. Then the people will speak. Then and only then will we get a good price control bill. If that be done, we can pass a good bill in less than 2 weeks.

I wish to make my position very clear. I am in favor of a true price control bill. I am in favor of one that is much stronger than this one. I am going to vote against the present report because it is not really a price control bill, but is actually a price increase bill. I am going to vote against the present report because adoption of this report will prevent the enactment of an adequate price control bill.

Mr. SPENCE. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

Mr. SPENCE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 294, nays 80, not voting 59, as follows:

[Roll No. 140]

YEAS—294

Aandahl	Crosser	Heffernan
Abbitt	Crumpacker	Heller
Adair	Curtis, Mo.	Herlong
Addonizio	Dague	Herter
Albert	Davis, Ga.	Heseltun
Allen, Calif.	Davis, Wis.	Hess
Allen, Ia.	Deane	Hill
Andersen,	DeGraffenried	Hinshaw
H. Carl	Delaney	Holfield
Andresen,	Dempsey	Holmes
August H.	Denny	Hope
Angell	Devereux	Horan
Arends	D'Ewart	Howell
Aspinall	Dollinger	Hull
Auchincloss	Dondero	Hunter
Ayres	Donohue	Jackson, Calif.
Baker	Donovan	Jackson, Wash.
Bakewell	Doughton	James
Barden	Doyle	Jarman
Barrett	Eaton	Javits
Bates, Ky.	Elliott	Johnson
Bates, Mass.	Elston	Jonas
Battle	Fallon	Jones, Ala.
Beall	Feighan	Jones, Mo.
Beamer	Fenton	Jones,
Beckworth	Fernandez	Hamilton C.
Bennett, Fla.	Fine	Jones,
Bennett, Mich.	Flood	Woodrow W.
Bentsen	Fogarty	Judd
Blackney	Forand	Karsten, Mo.
Blatnik	Ford	Kean
Boggs, Del.	Forrester	Kearney
Boggs, La.	Frazier	Keating
Bolling	Fugate	Kee
Bolton	Fulton	Kelley, Pa.
Boykin	Gamble	Kelly, N. Y.
Brown, Ga.	Garmatz	Keogh
Bryson	Gary	Kerr
Buckley	Gathings	Kersten, Wis.
Budge	Gavin	Kilday
Burdick	George	King
Burnside	Goodwin	Kirwan
Burton	Gordon	Klein
Bush	Gore	Kluczynski
Butler	Graham	Lanham
Byrne, N. Y.	Granahan	Lantaff
Byrnes, Wis.	Granger	Larcade
Canfield	Grant	LeCompte
Cannon	Green	Lesinski
Carlyle	Greenwood	Lind
Carnahan	Gregory	Lyle
Case	Hall,	McCarthy
Celler	Leonard W.	McConnell
Chelf	Halleck	McCormack
Chudoff	Hand	McCulloch
Clemente	Harden	McDonough
Cole, N. Y.	Hardy	McGrath
Colmer	Harris	McGuire
Combs	Harrison, Va.	McKinnon
Cooley	Hart	McMillan
Cooper	Havener	McMullen
Corbett	Hays, Ark.	McVey
Cotton	Hays, Ohio	Mack, Wash.
Coudert	Hébert	Madden
Cox	Hedrick	Magee

Mahon	Radwan	Stigler
Mansfield	Rains	Stockman
Marshall	Ramsay	Sutton
Meador	Reams	Tackett
Morrow	Rees, Kans.	Talle
Miller, Calif.	Rhodes	Taylor
Miller, N. Y.	Ribicoff	Thomas
Mills	Richards	Thompson, Tex.
Mitchell	Riehlman	Thornberry
Morano	Riley	Tollefson
Morris	Rivers	Towe
Morrison	Roberts	Trimble
Multer	Robeson	Van Pelt
Mumma	Rodino	Van Zandt
Murdock	Rogers, Colo.	Vaughn
Murphy	Rogers, Fla.	Vorys
Norblad	Rogers, Mass.	Walter
Norrell	Rooney	Weichel
O'Brien, Ill.	Sabath	Welch
O'Brien, Mich.	Sadlak	Whitten
O'Konski	St. George	Wickersham
Ostertag	Sasser	Widnall
O'Toole	Scott, Hardie	Wier
Passman	Scudder	Wigglesworth
Patman	Secrest	Williams, Miss.
Patterson	Seely-Brown	Williams, N. Y.
Philbin	Shelley	Willis
Poage	Sheppard	Winstead
Polk	Sieminski	Withrow
Potter	Sikes	Wolcott
Powell	Smith, Va.	Wolverton
Price	Spence	Yates
Priest	Staggers	Yorty
Prouty	Stanley	Zablocki
Quinn	Steed	

NAYS—80

Abernethy	Gross	Reed, Ill.
Allen, Ill.	Gwinn	Reed, N. Y.
Anderson, Calif.	Hagen	Regan
Andrews	Harrison, Wyo.	Rogers, Tex.
Bailey	Harvey	Schwabe
Belcher	Hillings	Scrivner
Berry	Hoeven	Shafer
Betts	Hoffman, Ill.	Short
Bishop	Hoffman, Mich.	Simpson, Ill.
Bow	Jenison	Simpson, Pa.
Bramblett	Jenkins	Sittler
Brown, Ohio	Jensen	Smith, Miss.
Buffett	Kearns	Smith, Wis.
Burleson	Lowre	Springer
Chlperfield	Lucas	Stefan
Church	McGregor	Teague
Clevenger	Martin, Iowa	Thompson,
Cole, Kans.	Miller, Md.	Mich.
Crawford	Miller, Nebr.	Vail
Cunningham	Nelson	Velde
Curtis, Nebr.	Nicholson	Vursell
Dolliver	O'Hara	Werdel
Dorn	Patten	Wheeler
Fellows	Phillips	Wilson, Ind.
Fisher	Pickett	Wilson, Tex.
Furcolo	Rankin	Wood, Idaho
Gossett	Reece, Tenn.	Woodruff

NOT VOTING—59

Anfuso	Ellsworth	Murray, Wis.
Armstrong	Engle	O'Neill
Baring	Evins	Perkins
Bender	Gillette	Poulson
Bonner	Golden	Preston
Bosone	Hale	Rabaut
Bray	Hall	Redden
Breen	Edwin Arthur	Roosevelt
Brehm	Irving	Saylor
Brooks	Kennedy	Scott,
Brownson	Kilburn	Hugh D., Jr.
Busbey	Lane	Sheehan
Camp	Latham	Smith, Kans.
Chatham	Machrowicz	Taber
Chenoweth	Mack, Ill.	Vinson
Davis, Tenn.	Martin, Mass.	Watts
Dawson	Mason	Wharton
Denton	Morgan	Whitaker
Dingell	Morton	Wood, Ga.
Durham	Moulder	
Eberharter	Murray, Tenn.	

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Martin of Massachusetts for, with Mr. Sheehan against.

Mr. Vinson for, with Mr. Mason against.
Mr. Denton for, with Mr. Smith of Kansas against.

Mr. Latham for, with Mr. Gillette against.

Mr. Kilburn for, with Mr. Ellsworth against.

Until further notice:

Mr. Evins with Mr. Taber.
Mr. Engle with Mr. Poulson.
Mr. Rabaut with Mr. Hale.
Mr. Camp with Mr. Chenoweth.
Mr. Preston with Mr. Brownson.
Mr. Wood of Georgia with Mr. Wharton.
Mr. Perkins with Mr. Morton.
Mr. Kennedy with Mr. Murray of Wisconsin.

Mr. Whitaker with Mr. Edwin Arthur Hall.
Mr. Redden with Mr. Busbey.
Mrs. Bosone with Mr. Bray.
Mr. Chatham with Mr. Saylor.
Mr. Bonner with Mr. Hugh D. Scott, Jr.
Mr. Morgan with Mr. Armstrong.
Mr. Lane with Mr. Bender.

Mr. Bow changed his vote from yea to nay.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

INTERIOR DEPARTMENT APPROPRIATION BILL

Mr. KIRWAN. Mr. Speaker, I ask unanimous consent that I may have until midnight tonight to file a conference report on the bill H. R. 3790, the Interior Department appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? There was no objection.

The conference report and statement follow:

CONFERENCE REPORT (H. REPT. NO. 775)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3790) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1952, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 9, 17, 25, 103, 109, and 130.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 10, 11, 12, 13, 15, 16, 18, 20, 21, 22, 23, 27, 28, 29, 31, 32, 33, 34, 35, 36, 37, 38, 39, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 52, 60, 64, 65, 66, 67, 69, 70, 71, 73, 74, 76, 77, 78, 79, 80, 81, 82, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 100, 101, 102, 104, 105, 106, 107, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, and 125, and agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$200,000"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows: In lieu of the matter stricken out and inserted by said amendment insert "four"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: "of which not to exceed \$8,387,470 shall be available for personal services, except force account personal services, and"; and the Senate agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment, as follows:

In lieu of the matter stricken out and inserted by said amendment, insert the following: "twenty-nine"; and the Senate agree to the same.

Amendment numbered 30: That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$41,824,750"; and the Senate agree to the same.

Amendment numbered 51: That the House recede from its disagreement to the amendment of the Senate numbered 51, and agree to the same with an amendment, as follows: In lieu of the matter stricken out and inserted by said amendment, insert the following: "one hundred and sixty passenger motor vehicles for replacement only"; and the Senate agree to the same.

Amendment numbered 54: That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$4,500,000"; and the Senate agree to the same.

Amendment numbered 55: That the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with an amendment, as follows: In lieu of the sum named in said amendment, insert the following: "\$4,234,533"; and the Senate agree to the same.

Amendment numbered 56: That the House recede from its disagreement to the amendment of the Senate numbered 56, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$3,810,000"; and the Senate agree to the same.

Amendment numbered 58: That the House recede from its disagreement to the amendment of the Senate numbered 58, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$202,767,725"; and the Senate agree to the same.

Amendment numbered 59: That the House recede from its disagreement to the amendment of the Senate numbered 59, and agree to the same with an amendment, as follows: In lieu of the sum named in said amendment, insert the following: "\$38,104,672"; and the Senate agree to the same.

Amendment numbered 68: That the House recede from its disagreement to the amendment of the Senate numbered 68, and agree to the same with an amendment, as follows: In lieu of the sum named in said amendment, insert the following: "\$10,698,514"; and the Senate agree to the same.

Amendment numbered 99: That the House recede from its disagreement to the amendment of the Senate numbered 99, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert: "\$6,678,196"; and the Senate agree to the same.

Amendment numbered 126: That the House recede from its disagreement to the amendment of the Senate numbered 126, and agree to the same with an amendment, as follows: In line two of the matter inserted by said amendment after the word "or", insert "by it"; and in line four of the matter inserted by said amendment after the word "persons", insert "which"; and at the end of the matter inserted by said amendment and before the period, insert: "Provided, That this section shall not be construed as having application to the preparation for publication of reports and maps resulting from authorized scientific and engineering investigations and surveys, to photography incident to the compilation and reproduction of maps and reports, or to photocopying of permanent records for preservation"; and the Senate agree to the same.

Amendment numbered 127: That the House recede from its disagreement to the

amendment of the Senate numbered 127, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following:

"Sec. 302. No part of any appropriation contained in this Act shall be used to pay the compensation of any civilian employee of the Government in the District of Columbia whose duties consist of acting as chauffeur of any Government-owned passenger motor vehicle (other than a bus or ambulance and two passenger motor vehicles assigned one to the Secretary and one to the Under Secretary), unless such appropriation is specifically authorized to be used for paying the compensation of employees performing such duties."

And the Senate agree to the same.

Amendment numbered 128: That the House recede from its disagreement to the amendment of the Senate numbered 128, and agree to the same with an amendment, as follows: In lines four and five of the matter inserted by each amendment, strike out the words "one hundred and fifteen" and insert in lieu thereof the following: "one hundred and ten"; and the Senate agree to the same.

Amendment numbered 131: That the House recede from its disagreement to the amendment of the Senate numbered 131, and agree to the same with an amendment, as follows: Omit the matter stricken out and inserted by said amendment; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 3, 4, 5, 8, 10½, 14, 24, 40, 53, 57, 61, 62, 63, 72, 75, 83, 108, 124, and 129.

MICHAEL J. KIRWAN,

W. F. NORRELL,

HENRY M. JACKSON,

FOSTER FURCOLO,

CLARENCE CANNON,

BEN F. JENSEN (except as to amendment No. 131),

IVOR D. FENTON (except as to amendment No. 131),

Managers on the Part of the House.

CARL HAYDEN,

JOSEPH C. O'MAHONEY,

PAT MCCARRAN,

DENNIS CHAVEZ,

GUY CORDON,

KENNETH S. WHERRY,

MILTON R. YOUNG,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3790) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1952, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

OFFICE OF THE SECRETARY

Enforcement of Connally Hot Oil Act

Amendment No. 1—Expenses: Appropriates \$158,670 as proposed by the Senate, instead of \$174,000 as proposed by the House.

Amendment No. 2: Provides that not to exceed \$137,970 shall be available for personal services, as proposed by the Senate.

Southeastern Power Administration

Amendments Nos. 3, 4, and 5—Construction: Reported in disagreement.

Amendment No. 6—Operation and maintenance: Appropriates \$200,000, instead of \$275,000 as proposed by the House and \$125,000 as proposed by the Senate.

Amendment No. 7—Administrative provisions: Authorizes the purchase of four automobiles, instead of five as proposed by the House and three as proposed by the Senate.

Amendment No. 8—Continuing fund: Reported in disagreement.

Construction, Southwestern Power Administration

Amendment No. 9: Appropriates \$3,375,000 as proposed by the House, instead of \$2,564,400 as proposed by the Senate. This action provides within the total amount appropriated the sum of \$500,000 for miscellaneous construction, \$250,000 for the purchase of electric power and energy and for leasing of transmission facilities of others, and \$810,600 for continuation of construction of the facilities designated as comprising the western Missouri project.

With respect to the western Missouri project, it is expected that a determined effort will be made by the Secretary of the Interior to negotiate with the private utilities to obtain a contract that will make unnecessary the use of this appropriation for such project and that no new obligation will be incurred under authority of this appropriation for such project unless the Secretary of the Interior determines, after such negotiations, that additional facilities of such project are required to be constructed by the Government for the integration of Federal projects or for service to a Federal establishment or preferred customer.

Amendment No. 10: Provides that not to exceed \$586,800 of the construction appropriation shall be available for personal services, as proposed by the Senate.

Amendment No. 10½: Reported in disagreement.

Amendment No. 11: Strikes out the limitation upon the use of funds for construction of the western Missouri project, as proposed by the Senate.

Operation and maintenance, Southwestern Power Administration

Amendment No. 12: Appropriates \$1,255,712 as proposed by the Senate, instead of \$1,275,000 as proposed by the House.

Amendment No. 13: Provides that not to exceed \$900,712 shall be available for personal services, as proposed by the Senate.

Transfer of certain facilities, Denison Dam project

Amendment No. 14: Reported in disagreement.

Administrative provisions, Southwestern Power Administration

Amendment No. 15: Authorizes the purchase of eight automobiles as proposed by the Senate, instead of fifteen as proposed by the House.

Amendment No. 16: Strikes out unnecessary language.

COMMISSION OF FINE ARTS

Amendment No. 17—Salaries and expenses: Appropriates \$20,000 as proposed by the House, instead of \$14,530 as proposed by the Senate.

BONNEVILLE POWER ADMINISTRATION Construction

Amendment No. 18: Appropriates \$67,500,000 as proposed by the Senate, instead of \$62,000,000 as proposed by the House. The conferees have agreed to defer action on the La Grande-Baker line owing to incomplete information indicating its immediate need. It is suggested that the Department make a further study and re-submit the authorization when more complete information is available.

Amendment No. 19: Provides that not to exceed \$8,387,470 shall be available for personal services, as proposed by the Senate, with the modification agreed to by the conferees that force account personal services shall not be included within this limitation.

Operation and maintenance

Amendment No. 20: Appropriates \$5,368,439 as proposed by the Senate, instead of \$5,250,000 as proposed by the House.

Amendment No. 21: Provides that not to exceed \$3,983,862 shall be available for personal services, as proposed by the Senate.

Administrative provisions

Amendment No. 22: Strikes out unnecessary language.

BUREAU OF LAND MANAGEMENT

Amendment No. 23—Management of lands and resources: Appropriates \$7,722,605, deletes earmarking of funds for soil and moisture conservation, and provides that not to exceed \$4,864,096 shall be available for personal services, as proposed by the Senate; instead of making an appropriation of \$6,900,000 without a limitation on personal services, as proposed by the House. This action ratifies the Senate approval of \$1,200,000 for soil and moisture conservation, even though it will not be earmarked in the bill.

Amendment No. 24—Construction: Reported in disagreement.

Amendment No. 25: Deletes the proposal of the Senate to amend the basic law relating to the distribution of receipts from sale of timber from the revested Oregon and California grant lands.

Amendment No. 26—Administrative provisions: Authorizes the purchase of twenty-nine automobiles, instead of thirty-two as proposed by the House and twenty-five as proposed by the Senate.

BUREAU OF INDIAN AFFAIRS

Amendment No. 27—Salaries and expenses: Deletes the paragraph making one appropriation of \$65,000,000 for all of the activities of the Bureau of Indian Affairs, as proposed by the Senate.

Health, education, and welfare services

Amendment No. 28: Inserts a heading.

Amendment No. 29: Deletes an unnecessary heading.

Amendment No. 30: Appropriates \$41,824,750, instead of \$43,600,000 as proposed by the House and \$41,324,750 as proposed by the Senate. The amount approved for health, education, and welfare services includes \$400,000 to continue public assistance contributions to Indians in Arizona, and an additional \$100,000 for placement services, making a total of \$600,000 for placement services.

Amendment No. 31: Provides that not to exceed \$23,699,661 shall be available for personal services, as proposed by the Senate. In approving this limitation it is the intention of the conferees that it not be applied against the budgeted amounts for personal services of medical personnel, school teachers, and others essential to the hospital, disease preventative, and curative services and the educational assistance programs.

Resources management

Amendment No. 32: Inserts a heading.

Amendment No. 33: Strikes out an unnecessary heading.

Amendment No. 34: Appropriates \$10,921,360 as proposed by the Senate, instead of \$11,400,000 as proposed by the House.

Amendment No. 35: Provides that not to exceed \$6,843,485 shall be available for personal services, as proposed by the Senate.

Construction

Amendment No. 36: Inserts a heading.

Amendment No. 37: Strikes out an unnecessary heading.

Amendment No. 38: Appropriates \$10,000,000 as proposed by the Senate, instead of \$12,000,000 as proposed by the House.

Amendment No. 39: Provides that not to exceed \$2,500,000 shall be available for personal services, as proposed by the Senate.

Amendment No. 40: Reported in disagreement.

General administrative expenses

Amendment No. 41: Inserts a heading.

Amendment No. 42: Strikes out an unnecessary heading.

Public Law 96 - 82d Congress
Chapter 275 - 1st Session
S. 1717

AN ACT

To amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Defense Production Act Amendments of 1951".

TITLE I—AMENDMENTS TO DEFENSE PRODUCTION
ACT OF 1950

PRIORITIES AND ALLOCATIONS

SEC. 101. (a) Section 101 of the Defense Production Act of 1950 is amended by adding at the end thereof the following: "No restriction, quota, or other limitation shall be placed upon the quantity of livestock which may be slaughtered or handled by any processor."

(b) Section 102 of the Defense Production Act of 1950 is amended by striking out the third sentence and inserting in lieu thereof the following sentences: "In making such designations the President may prescribe such conditions with respect to the accumulation of materials in excess of the reasonable demands of business, personal, or home consumption as he deems necessary to carry out the objectives of this Act. This section shall not be construed to limit the authority contained in sections 101 and 704 of this Act."

(c) Title I of the Defense Production Act of 1950 is hereby amended by adding the following section:

"SEC. 104. Import controls of fats and oils (including oil-bearing materials, fatty acids, and soap and soap powder, but excluding petroleum and petroleum products and coconuts and coconut products), peanuts, butter, cheese and other dairy products, and rice and rice products are necessary for the protection of the essential security interests and economy of the United States in the existing emergency in international relations, and no imports of any such commodity or product shall be admitted to the United States until after June 30, 1952, which the Secretary of Agriculture determines would (a) impair or reduce the domestic production of any such commodity or product below present production levels, or below such higher levels as the Secretary of Agriculture may deem necessary in view of domestic and international conditions, or (b) interfere with the orderly domestic storing and marketing of any such commodity or product, or (c) result in any unnecessary burden or expenditures under any Government price support program. The President shall exercise the authority and powers conferred by this section."

AUTHORITY TO REQUISITION AND CONDEMN

SEC. 102. (a) Title II of the Defense Production Act of 1950 is amended by adding to the heading thereof the words "AND CONDEMN".

(b) Section 201 of the Defense Production Act of 1950 is amended—

(1) By adding at the end of subsection (a) the following new sentence: "No real property (other than equipment and facilities, and buildings and other structures, to be demolished and used as scrap or second-hand materials) shall be acquired under this subsection."

(2) By adding after subsection (a) the following new subsection:

"(b) Whenever the President deems it necessary in the interest of national defense, he may acquire by purchase, donation, or other means of transfer, or may cause proceedings to be instituted in any

court having jurisdiction of such proceedings to acquire by condemnation, any real property, including facilities, temporary use thereof, or other interest therein, together with any personal property located thereon or used therewith, that he deems necessary for the national defense, such proceedings to be in accordance with the Act of August 1, 1888 (25 Stat. 357), as amended, or any other applicable Federal statute. Before condemnation proceedings are instituted pursuant to this section, an effort shall be made to acquire the property involved by negotiation unless, because of reasonable doubt as to the identity of the owner or owners, because of the large number of persons with whom it would be necessary to negotiate, or for other reasons, the effort to acquire by negotiation would involve, in the judgment of the President, such delay in acquiring the property as to be contrary to the interest of national defense. In any condemnation proceeding instituted pursuant to this section, the court shall not order the party in possession to surrender possession in advance of final judgment unless a declaration of taking has been filed, and a deposit of the amount estimated to be just compensation has been made, under the first section of the Act of February 26, 1931 (46 Stat. 1421), providing for such declarations. Unless title is in dispute, the court, upon application, shall promptly pay to the owner at least 75 per centum of the amount so deposited, but such payment shall be made without prejudice to any party to the proceeding. Property acquired under this section may be occupied, used, and improved for the purposes of this section prior to the approval of title by the Attorney General as required by section 355 of the Revised Statutes, as amended."

(3) By striking out "requisitioned" in the presently designated subsection (c), and inserting in lieu thereof "acquired".

(4) By redesignating subsections (b) and (c) as subsections (c) and (d), respectively.

EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

SEC. 103. (a) Section 303 of such Act is amended to read as follows:

"SEC. 303. (a) To assist in carrying out the objectives of this Act, the President may make provision (1) for purchases of or commitments to purchase metals, minerals, and other materials, for Government use or resale; and (2) for the encouragement of exploration, development, and mining of critical and strategic minerals and metals: *Provided, however,* That purchases for resale under this subsection shall not include that part of the supply of an agricultural commodity which is domestically produced except insofar as such domestically produced supply may be purchased for resale for industrial uses or stockpiling, and no commodity purchased under this subsection shall be sold at less than the established ceiling price for such commodity (except that minerals and metals shall not be sold at less than the established ceiling price, or the current domestic market price, whichever is lower), or, if no ceiling price has been established, the higher of the following: (i) the current domestic market price for such commodity, or (ii) the minimum sale price established for agricultural commodities owned or controlled by the Commodity Credit Corporation as provided in section 407 of Public Law 439, Eighty-first Congress: *Provided further, however,* That no purchase or commitment to purchase any imported agricultural commodity shall be made calling for delivery more than one year after the expiration of this Act.

"(b) Subject to the limitations in subsection (a), purchases and commitments to purchase and sales under such subsection may be made without regard to the limitations of existing law, for such quan-

ties, and on such terms and conditions, including advance payments, and for such periods, but not extending beyond June 30, 1962, as the President deems necessary, except that purchases or commitments to purchase involving higher than established ceiling prices (or if there be no established ceiling prices, currently prevailing market prices) or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

"(c) If the President finds—

"(1) that under generally fair and equitable ceiling prices for any raw or nonprocessed material, there will result a decrease in supplies from high-cost sources of such material, and that the continuation of such supplies is necessary to carry out the objectives of the Act; or

"(2) that an increase in cost of transportation is temporary in character and threatens to impair maximum production or supply in any area at stable prices of any materials;

he may make provision for subsidy payments on any such domestically produced material other than an agricultural commodity in such amounts and in such manner (including purchases of such material and its resale at a loss without regard to the limitations of existing law), and on such terms and conditions, as he determines to be necessary to insure that supplies from such high-cost sources are continued, or that maximum production or supply in such area at stable prices of such materials is maintained, as the case may be.

"(d) The procurement power granted to the President by this section shall include the power to transport and store and have processed and refined, any materials procured under this section:

"(e) When in his judgment it will aid the national defense, the President is authorized to install additional equipment, facilities, processes or improvements to plants, factories, and other industrial facilities owned by the United States Government, and to install government-owned equipment in plants, factories, and other industrial facilities owned by private persons."

"(b) Subsection (b) of section 304 of the Defense Production Act of 1950 is amended by striking out the proviso in the first sentence and inserting in lieu thereof the following: "*Provided*, That the amount borrowed under the provisions of this section by all such borrowers shall not exceed an aggregate of \$2,100,000,000 outstanding at any one time: *Provided further*, That when any contract, agreement, loan, or other transaction heretofore or hereafter entered into pursuant to section 302 or 303 imposes contingent liability upon the United States, such liability shall be considered for the purposes of sections 3679 and 3732 of the Revised Statutes, as amended, as an obligation only to the extent of the probable ultimate net cost to the United States under such transaction; and the President shall submit a report to the Congress not less often than once each quarter setting forth the gross amount of each such transaction entered into by any agency of the United States Government under this authority and the basis for determining the probable ultimate net cost to the United States thereunder."

"(c) Section 304 of the Defense Production Act of 1950 is further amended by striking out subsection (c).

PRICE AND WAGE STABILIZATION

SEC. 104. (a) The second sentence of paragraph (3) of subsection (d) of section 402 of the Defense Production Act of 1950 is amended by striking out the period at the end thereof and inserting in lieu thereof the following: “; and equitable treatment shall be accorded to all such processors.”

(b) Paragraph (3) of subsection (d) of section 402 of the Defense Production Act of 1950 is amended by inserting after the third sentence thereof the following new sentence: “No ceiling shall be established or maintained for any agricultural commodity below 90 per centum of the price received (by grade) by producers on May 19, 1951, as determined by the Secretary of Agriculture.”

(c) The fourth sentence of paragraph (3) of subsection (d) of section 402 of the Defense Production Act of 1950 is amended to read as follows: “Nothing contained in this Act shall be construed to modify, repeal, supersede, or affect the provisions of either (1) the Agricultural Act of 1949, or (2) the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of the Agricultural Marketing Agreement Act of 1937, as amended.”

(d) Paragraph (3) of subsection (d) of section 402 of the Defense Production Act of 1950 is amended by adding a new sentence at the end thereof to read as follows: “No ceiling prices to producers for milk or butterfat used for manufacturing dairy products shall be issued until and unless the Secretary of Agriculture shall determine that such prices are reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect the supply and demand for dairy products, and will insure a sufficient quantity of dairy products and be in the public interest. The prices so determined shall be adjusted by him for use, grade, quality, location, and season of the year.”

(e) Subsection (d) of section 402 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new paragraph:

“(4) After the enactment of this paragraph no ceiling price on any material (other than an agricultural commodity) or on any service shall become effective which is below the lower of (A) the price prevailing just before the date of issuance of the regulation or order establishing such ceiling price, or (B) the price prevailing during the period January 25, 1951, to February 24, 1951, inclusive. Nothing in this paragraph shall prohibit the establishment or maintenance of a ceiling price with respect to any material (other than an agricultural commodity) or service which (1) is based upon the highest price between January 1, 1950, and June 24, 1950, inclusive, if such ceiling price reflects adjustments for increases or decreases in costs occurring subsequent to the date on which such highest price was received and prior to July 26, 1951, or (2) is established under a regulation issued prior to the enactment of this paragraph. Upon application and a proper showing of his prices and costs by any person subject to a ceiling price, the President shall adjust such ceiling price in the manner prescribed in clause (1) of the preceding sentence. For the purposes of this paragraph the term “costs” includes material, indirect and direct labor, factory, selling, advertising, office, and all other production, distribution, transportation and administration costs, except such as the President may determine to be unreasonable and excessive.”

(f) Subsection (e) of section 402 of the Defense Production Act of 1950 is amended by striking out “Rates or fees charged for professional

services" in paragraph (ii) and inserting in lieu thereof: "Rates or fees charged for professional services; wages, salaries, and other compensation paid to physicians employed in a professional capacity by licensed hospitals, clinics and like medical institutions for the care of the sick or disabled; wages, salaries and other compensation paid to attorneys licensed to practice law employed in a professional capacity by an attorney or firm of attorneys engaged in the practice of his or their profession".

(g) Subsection (e) of section 402 of the Defense Production Act of 1950 is hereby amended by adding at the end thereof the following new paragraph:

"(vii) Prices charged and wages paid for services performed by barbers and beauticians."

(h) Section 402 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new subsections:

"(j) Where the sale or delivery of a material or service makes the person selling or delivering it liable for a State or local gross receipts tax or gross income tax, he may receive for the material or service involved, in addition to the ceiling price, (1) an amount equal to the amount of all such State and local taxes for which the transaction makes him liable, or (2) one cent, whichever is greater. For the purposes of the preceding sentence, the amount of tax liability shall be computed on shipping units at the ceiling price, and a fractional part of a cent in the amount of tax liability shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to one cent.

"(k) No rule, regulation, order or amendment thereto shall hereafter be issued under this title, which shall deny to sellers of materials at retail or wholesale their customary percentage margins over costs of the materials during the period May 24, 1950, to June 24, 1950, or on such other nearest representative date determined under section 402 (c), as shown by their records during such period, except as to any one specific item of a line of material sold by such sellers which is in short supply as evidenced by specific government action to encourage production of the item in question. No such exception shall reduce such customary margins of sellers at retail or wholesale beyond the amount found by the President, in writing, to be generally equitable and proportionate in relation to the general reductions in the customary margins of all other classes of persons concerned in the production and distribution of the excepted item of material.

"Prior to making any finding that a specific item of material shall be so excepted, or as to the amount of the reductions in customary margins to be imposed upon retail and wholesale sellers of such item, the President shall consult with representatives of the affected retail and wholesale sellers concerning the basis for and the amount of the exception which is proposed with respect to any such item.

"For purposes of this section a person is a 'seller of a material at retail or wholesale' to the extent that such person purchases and resells an item of material without substantially altering its form; or to the extent that such person sells to ultimate consumers except (1) to government and institutional consumers and (2) to consumers who purchase for consumption in the course of trade or business."

(i) Subsection (a) of section 405 of the Defense Production Act of 1950 is amended by adding at the end thereof the following: "The President shall also prescribe the extent to which any payment made, either in money or property, by any person in violation of any such regulation, order, or requirement shall be disregarded by the executive departments and other governmental agencies in determining the costs

or expenses of any such person for the purposes of any other law or regulation, including bases in determining gain for tax purposes."

(j) Subsection (a) of section 409 of the Defense Production Act of 1950 is amended to read as follows:

"(a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 405 of this title, he may make application to any district court of the United States or any United States court of any Territory or other place subject to the jurisdiction of the United States for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order, with or without such injunction or restraining order, shall be granted without bond."

(k) The second sentence of subsection (c) of section 409 of the Defense Production Act of 1950 is amended by striking out the words "but in no event shall such amount exceed the amount of the overcharge, or the overcharges, plus \$10,000,".

(l) Section 409 of the Defense Production Act of 1950 is further amended by adding at the end thereof the following new subsections:

"(d) The President shall also prescribe the extent to which any payment made by way of fine pursuant to subsection (b) of this section 409, or any payment made to the United States or to any buyer in compromise or satisfaction of any liability or of any right of action, suit, or judgment, authorized pursuant to subsection (c) of this section 409 for selling any material or service, in violation of a regulation or order providing a ceiling or ceilings, shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any such person for the purposes of any other law or regulation.

"(e) The term 'court of competent jurisdiction' as used in this section shall mean any Federal court of competent jurisdiction regardless of the amount in controversy and any State or Territorial court of competent jurisdiction."

SEC. 105. (a) Section 403 of the Defense Production Act of 1950 is hereby amended by changing the period at the end of the first sentence to a colon and adding the following: "*Provided, however,* That the President shall administer any controls over the wages or salaries of employees subject to the provisions of the Railway Labor Act, as amended, through a separate board or panel having jurisdiction only over such employees."

(b) Section 502 of the Defense Production Act of 1950 is amended by changing the period at the end of the last sentence thereof to a colon and adding the following: "*Provided, however,* That in any dispute between employees and carriers subject to the Railway Labor Act, as amended, the procedures of such Act shall be followed for the purpose of bringing about a settlement of such dispute. Any agency provided for by such Act, including any panel or panel board established by the President for the adjustment of disputes arising under the Railway Labor Act, as a prerequisite to effecting or recommending a settlement of such dispute, shall make a specific finding and certification that the changes proposed by such settlement or recommended settlement, are consistent with such standards as may then be in effect, established by or pursuant to law, for the purpose of controlling inflationary tendencies: *Provided further,* That in any nondisputed wage or salary adjustments proposed as a result of voluntary agreement through collective bargaining, mediation, or

otherwise, the same finding and certification of consistency with existing stabilization policy shall be made by the separate panel, chairman thereof, or boards as established and authorized by the President. Where such finding and certification are made by such agency, panel, chairman thereof, or boards, they shall after approval by the Economic Stabilization Administrator be conclusive and it shall then be lawful for the employees and carriers, by agreement, to put into effect the changes proposed by the settlement, recommended settlement, or voluntary proposal with respect to which such findings and certification were made."

(c) The second sentence of section 503 of the Defense Production Act of 1950 is hereby amended to read as follows: "No action inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, other Federal labor standards statutes, the Labor Management Relations Act, 1947, the Railway Labor Act, as amended, or with other applicable laws shall be taken under this title."

CONTROL OF CREDIT

SEC. 106. (a) Section 601 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new paragraph:

"In the exercise of its authority under this section, the Board shall not (1) require a down payment of more than one-third or fix a maximum maturity of less than eighteen months in connection with instalment credit extended for the purchase of a new or used automobile, or (2) require a down payment of more than 15 per centum or fix a maximum maturity of less than eighteen months in connection with instalment credit extended for the purchase of any household appliance (including phonographs and radios and television sets), or (3) require a down payment of more than 15 per centum or fix a maximum maturity of less than eighteen months in connection with instalment credit extended for the purchase of household furniture and floor coverings (the down payments required by the Board in the exercise of its authority under paragraphs (1), (2), and (3) may be made in cash, or by trade-in or exchange of property, or by a combination of cash and trade-in or exchange of property), or (4) require a down payment of more than 10 per centum or fix a maximum maturity of less than thirty-six months in connection with instalment credit extended for residential repairs, alterations, or improvements or require any down payment on roofing or siding repairs, alterations or improvements in advance of completion thereof."

(b) Section 603 of the Defense Production Act of 1950 is amended to read as follows:

"Sec. 603. Any person who willfully violates any provision of section 601, 602, or 605 or any regulation or order issued thereunder, upon conviction thereof, shall be fined not more than \$5,000 or imprisoned not more than one year, or both."

(c) Section 605 of the Defense Production Act of 1950 is amended by adding at the end thereof the following sentences: "Subject to the provision of this section with respect to preserving the relative credit preferences accorded to veterans under existing law, the President may require lenders or borrowers and their successors and assigns to comply with reasonable conditions and requirements, in addition to those provided by other laws, in connection with any loan of a type which has been the subject of action by the President under this section. Such conditions and requirements may vary for classifications of persons or transactions as the President may prescribe, and failure to comply therewith shall constitute a violation of this section."

GENERAL PROVISIONS

SEC. 107. The table of contents of the Defense Production Act of 1950 is amended by striking out "Authority to requisition" and inserting in lieu thereof "Authority to requisition and condemn".

SEC. 108. Subsection (c) of section 701 of the Defense Production Act of 1950 is amended by striking out "and having due regard to the needs of new businesses" and inserting in lieu thereof the following: "and having due regard to the current competitive position of established business: *Provided*, That the limitations and restrictions imposed on the production of specific items shall not exclude new concerns from a fair and reasonable share of total authorized production".

SEC. 109. (a) Subsection (a) of section 703 of the Defense Production Act of 1950 is amended by striking out the second sentence and inserting in lieu thereof the following sentence: "The President is authorized to appoint heads and assistant heads of any such new agencies, and other officials therein of comparable status, and to fix their compensation, without regard to the Classification Act of 1949, as amended, the head of one such agency to be paid at a rate comparable to the compensation paid to the heads of executive departments of the Government, and other such heads, assistant heads, and officials at rates comparable to the compensation paid to the heads and assistant heads of independent agencies of the Government."

(b) Section 703 (b) of the Defense Production Act of 1950 is amended by adding at the end thereof the following: "There shall be included among the policy-making officers of each regional office administering the authority conferred by title IV of this Act a resident of each State served by such office whose governor requests such representation."

(c) Section 704 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new sentence: "No rule, regulation, or order issued under this Act which restricts the use of natural gas (either directly, or by restricting the use of facilities for the consumption of natural gas, or in any other manner) shall apply in any State in which a public regulatory agency has authority to restrict the use of natural gas and certifies to the President that it is exercising that authority to the extent necessary to accomplish the objectives of this Act."

(d) Subsection (a) of section 705 of the Defense Production Act of 1950 is amended by inserting after "take the sworn testimony of," the following: "and administer oaths and affirmations to,".

(e) Subsection (a) of section 706 of the Defense Production Act of 1950 is amended by striking out the last eight words thereof and inserting in lieu thereof the following: "or other order, with or without such injunction or restraining order, shall be granted without bond".

(f) Section 710 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new subsection:

"(f) The President, when he deems such action necessary, may make provision for the printing and distribution of reports, in such number and in such manner as he deems appropriate, concerning the actions taken to carry out the objectives of this Act."

SEC. 110. (a) Title VII of the Defense Production Act of 1950 is amended by adding after section 713 the following new section:

"SEC. 714. (a) (1) It is the sense of the Congress that small-business concerns be encouraged to make the greatest possible contribution toward achieving the objectives of this Act. In order to carry out this policy there is hereby created an agency under the name 'Small Defense Plants Administration' (hereinafter referred to as the Administra-

tion), which Administration shall be under the general direction and supervision of the President and shall not be affiliated with or be within any other agency or department of the Federal Government. The principal office of the Administration shall be located in the District of Columbia, but the Administration may establish such branch offices in other places in the United States as may be determined by the Administrator of the Administration. For the purposes of this section, a small-business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation. The Administration, in making a detailed definition, may use these criteria, among others: independency of ownership and operation, number of employees, dollar volume of business, and nondominance in its field.

"(2) The Administration is authorized to obtain money from the Treasury of the United States, for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of \$50,000,000 outstanding at any one time. For this purpose appropriations not to exceed \$50,000,000 are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Administration from the revolving fund when requested by the Administration. This revolving fund shall be used for the purposes enumerated subsequently in subsection (b) (1) (B), (C), and (D). Reimbursements made to the Administration under these operations shall revert to the revolving fund for use for the same purposes.

"(3) The management of the Administration shall be vested in an Administrator who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be a person of outstanding qualifications known to be familiar and sympathetic with small-business needs and problems. The Administrator shall receive compensation at the rate of \$17,500 per annum. The Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator. The Administrator is authorized to appoint two Deputy Administrators to assist in the execution of the functions vested in the Administration. Deputy Administrators shall be paid at the rate of \$15,000 per annum.

"(4) The Administration shall not have succession, beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to an Act of Congress. It shall have power to adopt, alter, and use a seal, which shall be judicially noticed; to select and employ such officers, employees, attorneys, and agents as shall be necessary for the transaction of business of the Administration; to define their authority and duties, require bonds of them, and fix the penalties thereof. The Administration, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself of the use of information, services, facilities, including any field service thereof, officers, and employees thereof in carrying out the provisions of this section.

"(5) All moneys of the Administration not otherwise employed may be deposited with the Treasurer of the United States subject to check by authority of the Administration or in any Federal Reserve bank. The Federal Reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the Administration in the general performance of its powers conferred by this Act. All insured banks, when designated by the Secretary of the Treasury, shall act as custodians, and financial agents for the Administration.

"(b) (1) Without regard to any other provision of law except the regulations prescribed under section 201 of the First War Powers Act, 1941, as amended, the Administration is empowered—

"(A) to recommend to the Reconstruction Finance Corporation loans or advances, on such terms and conditions and with such maturity as the Reconstruction Finance Corporation may determine on its own discretion, to enable small-business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to finance research, development, and experimental work on new or improved products or processes; or to supply such concerns with capital to be used in the manufacture of articles, equipment, supplies, or materials for defense or essential civilian purposes; or to establish and operate technical laboratories to serve small-business concerns; such loans or advances to be made or effected either directly by the Reconstruction Finance Corporation or in cooperation with banks or other lending institutions through agreements to participate in insurance of loans, or by the purchase of participations, or otherwise;

"(B) to enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating the Administration to furnish articles, equipment, supplies, or materials to the Government;

"(C) to arrange for the performance of such contracts by letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts; and

"(D) to provide technical and managerial aids to small-business concerns, by maintaining a clearinghouse for technical information, by cooperating with other Government agencies, by disseminating information, and by such other activities as are deemed appropriate by the Administration.

"(2) In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent to perform any specific Government procurement contract to be let by any such officers, such officer shall be authorized to let such procurement contract to the Administration upon such terms and conditions as may be agreed upon between the Administration and the procurement officer.

"(c) (1) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administration, or for the purpose of obtaining money, property, or anything of value, under this section, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

"(2) Whoever, being connected in any capacity with the Administration (A) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (B) with intent to defraud the Administration or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Administration makes any false entry in any book, report, or

statement of or to the Administration, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (C) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Administration, or (D) gives any unauthorized information concerning any future action or plan of the Administration which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Administration shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"(d) (1) It shall be the duty of the Administration and it is hereby empowered, to coordinate and to ascertain the means by which the productive capacity of small-business concerns can be most effectively utilized for national defense and essential civilian production.

"(2) It shall be the duty of the Administration and it is hereby empowered, to consult and cooperate with appropriate governmental agencies in the issuance of all orders limiting or expanding production by, or in the formulation of policy in granting priorities to, business concerns. All such governmental agencies are required, before issuing such orders or announcing such priority policies, to consult with the Administration in order that small-business concerns will be most effectively utilized in the production of articles, equipment, supplies and materials for national defense and essential civilian purposes.

"(e) The Administration shall have power, and it is hereby directed, whenever it determines such action is necessary—

"(1) to make a complete inventory of all productive facilities of small-business concerns which can be used for defense and essential civilian production or to arrange for such inventory to be made by any other governmental agency which has the facilities. In making any such inventory, the appropriate agencies in the several States shall be requested to furnish an inventory of the productive facilities of small-business concerns in each respective State if such an inventory is available or in prospect;

"(2) to consult and cooperate with officers of the Government having procurement powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

"(3) to obtain information as to methods and practices which Government prime contractors utilize in letting subcontracts and to take action to encourage the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

"(4) to take such action, authorized under this section, as is necessary to provide small-business concerns with an adequate incentive, excluding subsidies, to engage in defense and essential civilian production and to facilitate the conversion and equipping of plants of small-business concerns for such production;

"(5) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises, which are to be designated 'small-business concerns' for the purpose of effectuating the provisions of this section;

"(6) to certify to Government procurement officers with respect to the competency, as to capacity and credit, of any small-business concern or group of such concerns to perform a specific Government procurement contract;

"(7) to obtain from any Federal department, establishment, or agency engaged in defense procurement or in the financing of defense procurement or production such reports concerning the letting of contracts and subcontracts and making of loans to business concerns as it may deem pertinent in carrying out its functions under this Act;

"(8) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply, whenever it appears that any small business is unable to obtain materials for defense or essential civilian production from its normal sources;

"(9) to make studies and recommendations to the appropriate Federal agencies to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns to effectuate the defense program or for essential civilian purposes;

"(10) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from said agencies; and

"(11) to establish such advisory boards and committees wholly representative of small business as may be found necessary to achieve the purposes of this section.

"(f) (1) In any case in which a small-business concern or group of such concerns has been certified by or under the authority of the Administration to be a competent Government contractor with respect to capacity and credit as to a specific Government procurement contract, the officers of the Government having procurement powers are directed to accept such certification as conclusive, and are authorized to let such Government procurement contract to such concern or group of concerns without requiring it to meet any other requirement with respect to capacity and credit.

"(2) The Congress has as its policy that a fair proportion of the total purchases and contracts for supplies and services for the Government shall be placed with small-business concerns. To effectuate such policy, small-business concerns within the meaning of this section shall receive any award or contract or any part thereof as to which it is determined by the Administration and the contracting procurement agencies (A) to be in the interest of mobilizing the Nation's full productive capacity, or (B) to be in the interest of the national defense program, to make such award or let such contract to a small-business concern.

"(3) Whenever materials or supplies are allocated by law, a fair and equitable percentage thereof shall be allocated to small plants unable to obtain the necessary materials or supplies from usual sources. Such percentage shall be determined by the head of the lawful allocating authority after giving full consideration to the claims presented by the Administration.

"(4) Whenever the President invokes the powers given him in this Act to allocate, or approve agreements allocating, any material, to an extent which the President finds will result in a significant dislocation of the normal distribution in the civilian market, he shall do so in such a manner as to make available, so far as practicable, for business and various segments thereof in the normal channel of distribution of such material, a fair share of the available civilian supply based, so far as practicable, on the share received by such business under normal conditions during a representative period preceding June 24, 1950: *Provided*, That the limitations and restrictions imposed on the production of specific items should give due consideration to the needs of new concerns.

"(g) The Administration shall make a report every ninety days of operations under this title to the President, the President of the Senate, and the Speaker of the House of Representatives. Such report shall include the names of the business concerns to whom contracts are let, and for whom financing is arranged, by the Administration, together with the amounts involved, and such report shall include such other information, and such comments and recommendations, with respect to the relation of small-business concerns to the defense effort, as the Administration may deem appropriate.

"(h) The Administration is hereby empowered to make studies of the effect of price, credit, and other controls imposed under the defense program and whenever it finds that these controls discriminate against or impose undue hardship upon small business, to make recommendations to the appropriate Federal agency for the adjustment of controls to the needs of small business.

"(i) The Reconstruction Finance Corporation is authorized to make loans and advances upon the recommendation of the Small Defense Plants Administration as provided in (b) (1) (A) of this section not to exceed an aggregate of \$100,000,000 outstanding at any one time, on such terms and conditions and with such maturities as Reconstruction Finance Corporation may determine.

"(j) The President may transfer to the Administration any functions, powers, and duties of any department or agency which relates primarily to small-business problems.

"(k) No loan shall be recommended or equipment, facilities, or services furnished by the Administration under this section to any business enterprise unless the owners, partners or officers of such business enterprise (1) certify to the Administration the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administration for assistance of any sort, and the fees paid or to be paid to any such persons, and (2) execute an agreement binding any such business enterprise for a period of two years after any assistance is rendered by the Administration to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent or employee of the Administration occupying a position or engaging in activities which the Administration shall have determined involve discretion with respect to the granting of assistance under this section.

"(l) To the fullest extent the Administration deems practicable, it shall make a fair charge for the use of Government-owned property and make and let contracts on a basis that will result in a recovery of the direct costs incurred by the Administration.

"(m) There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this section."

(b) The presently designated sections 714, 715, and 716 of the Defense Production Act of 1950 are redesignated as sections 715, 716, and 717, respectively.

Sec. 111. The presently designated section 716 of the Defense Production Act of 1950 is amended by striking out subsections (a) and (b), by redesignating subsections (c) and (d) as subsections (b) and (c), respectively, and by inserting the following new subsection:

"(a) This Act and all authority conferred thereunder shall terminate at the close of June 30, 1952."

TITLE II—AMENDMENTS TO THE HOUSING AND RENT ACT OF 1947

SEC. 201. Section 204 (f) of the Housing and Rent Act of 1947, as amended, is amended by striking out "July 31, 1951" and inserting in lieu thereof "June 30, 1952".

SEC. 202. (a) The Housing and Rent Act of 1947, as amended, is amended by striking out "Housing Expediter" wherever it appears therein and inserting in lieu thereof "President".

(b) Section 204 (a) of the Housing and Rent Act of 1947, as amended, is repealed.

(c) Section 206 (e) of the Housing and Rent Act of 1947, as amended, is amended by striking out "The principal office of the Housing Expediter shall be in the District of Columbia, but he or any duly authorized representative may exercise any or all of his powers in any place and attorneys" and inserting in lieu thereof "Attorneys".

(d) Section 208 (a) of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

"(a) The President shall administer the powers, duties, and functions conferred upon him by title II of this Act through the new independent agency created pursuant to section 403 of the Defense Production Act of 1950; and he shall administer the powers, duties, and functions conferred upon him by title I of this Act through such officer or agency of the Government as he may designate. In accordance with the action taken by him pursuant to the preceding sentence, the President shall provide for appropriate transfers of records, property, necessary personnel, and unexpended balances of appropriations, allocations, and other funds heretofore under the jurisdiction of, or available to, the Office of the Housing Expediter. Any employees of the Office of the Housing Expediter not so transferred shall, unless transferred to other positions in the Government, be separated from the service. The President shall make such provisions as he shall deem appropriate for the termination and liquidation of the affairs of the Office of the Housing Expediter. For the purposes of determining the status of employees transferred to an agency administering functions provided for in this Act, they shall be deemed to be transferred in connection with a transfer of functions."

SEC. 203. Section 204 of the Housing and Rent Act of 1947, as amended, is amended by adding at the end thereof the following:

"(k) The President shall by regulation or order establish such maximum rent or maximum rents as in his judgment will be fair and equitable for controlled housing accommodations (as defined in section 202 (c)) (1) in any State which by law declares that there exists such a shortage in rental housing accommodations as to require Federal rent control in such State, or (2) in any incorporated city, town, village, or in the unincorporated area of any county (other than a city, town, village, or unincorporated area of any county within a State which is controlling rents) upon receipt of a resolution of its governing body adopted for that purpose in accordance with applicable local law and based upon a finding by such governing body, reached as a result of a public hearing held after ten days' notice, that there exists such a shortage in rental housing accommodations as to require Federal rent control in such city, town, village, or unincorporated area in such county. In establishing any maximum rent for any housing accommodations under this subsection the President shall give due consideration to the rents prevailing for such housing accommodations or comparable housing accommodations during the period from May 24, 1950, to June 24, 1950, and he shall make adjustment for such relevant factors as he shall deem to be of general applicability in

respect to such accommodations, including increases or decreases in property taxes and other costs within such State, incorporated city, town, or village, or unincorporated area.

"(1) Whenever the Secretary of Defense and the Director of Defense Mobilization, acting jointly, shall determine and certify to the President that any area (whether then or ever controlled or decontrolled under this Act) is a critical defense housing area, the President shall by regulation or order establish such maximum rent or maximum rents for any housing accommodations, not then subject to rent control, in such area or portion thereof as in his judgment will be fair and equitable. Notwithstanding the provisions of section 202 (c) the term 'controlled housing accommodations' as applied to any such critical defense housing area shall include all housing accommodations in the area, without exception. In establishing any maximum rent for any housing accommodations under this subsection, the President shall give due consideration to the rents prevailing for such housing accommodations or comparable housing accommodations during the period from May 24, 1950, to June 24, 1950, and he shall make adjustment for such relevant factors as he shall determine and deem to be of general applicability in respect to such accommodations, including increases or decreases in property taxes and other costs within such area. Maximum rents in any critical defense housing area shall be terminated at such time as the Secretary of Defense and the Director of Defense Mobilization, acting jointly, shall determine and certify to the President that such area is no longer a critical defense housing area, or as provided in subsection (e) or (j) of this section: *Provided, however,* That in any area where maximum rents are removed under the procedures provided in subsection (e) or (j) of this section, maximum rents may be reestablished after the expiration of thirty days on the determination and certification of the Secretary of Defense and the Director of Defense Mobilization, acting jointly. No area shall be certified as a critical defense housing area under the authority granted in this subsection unless all the following conditions exist in such area:

"(1) a new defense plant or installation has been or is to be provided, or an existing defense plant or installation has been or is to be reactivated or its operation substantially expanded;

"(2) substantial in-migration of defense workers or military personnel is required to carry out activities at such plant or installation; and

"(3) a substantial shortage of housing required for such defense workers or military personnel exists or impends which has resulted or threatens to result in excessive rent increases and which impedes or threatens to impede activities of such defense plant or installation.

"(m) Whenever an area has been certified under subsection (1) to be a critical defense housing area, real-estate construction credit controls imposed under title VI of the Defense Production Act of 1950 shall be relaxed to the extent necessary to encourage construction of housing for defense workers and military personnel: *Provided,* That the certification, pursuant to subsection (1), that an area is a critical defense housing area shall not be effective in such area for any of the purposes of this section until such real-estate construction credit controls have been relaxed as provided in this subsection to the extent necessary in the determination of the President. The fact that any area has been certified as a critical defense housing area under subsection (1) shall not make such area ineligible for the location of additional defense plants, facilities, or installations, or as a source of additional military procurement of any sort.

"(n) No maximum rents shall be established under subsection (l) for housing accommodations in any State where rent control is in effect or in any locality where local rent control is in effect, unless the rent component of the Consumers' Index of the Bureau of Labor Statistics for such State or locality has increased more than the United States average of the rent component of such index during the last six months for which such index is available immediately preceding the establishment of such maximum rents. The rent component of the Consumers' Index of the Bureau of Labor Statistics for any State shall be the average, weighted by population as determined by the Bureau of Labor Statistics, for all reported cities in the State, except that, where only one city is reported, the rent component for the State shall be the rent component for that city. Upon the establishment of maximum rents pursuant to subsection (l) for housing accommodations in a State in which State rent control is in effect, State rent control shall thereupon terminate. Upon the establishment of maximum rents pursuant to subsection (l) for housing accommodations in a locality in which local rent control is in effect, local rent control shall thereupon terminate. The rent component for any locality subject to local rent control shall be the rent component as established by the Bureau of Labor Statistics for that locality. Where data concerning rents have not been heretofore collected for a city in a State having State rent control or for a particular locality which has local rent control, the President may cause a survey to be made by the Bureau of Labor Statistics for the purpose of establishing a rent component for that State or locality. For the purposes of this subsection, State rent control shall be deemed in effect in any State in which maximum rents are controlled pursuant to State law throughout the State, regardless of whether maximum rents are actually in effect in every locality of the State.

"(o) In order to compensate for increases which have occurred in costs and prices, the maximum rent in effect on the date of enactment of this subsection for any housing accommodation shall, upon sworn application, be increased to 120 per centum of the following: The maximum rent for the housing accommodation in effect on June 30, 1947 (or if no maximum rent was then in effect for the housing accommodation, the maximum rent then in effect for comparable housing accommodations), plus the amount of any increase allowed or allowable under this Act for major capital improvements or for increases in living space, services, furniture, furnishings, or equipment, and minus any decrease required or requirable under this Act for decreases in living space, services, furniture, furnishings, or equipment, or for substantial deterioration or failure to perform ordinary repair, replacement, or maintenance. Any increase in a maximum rent applied for under this subsection which is based upon the maximum rent in effect on June 30, 1947, for the particular housing accommodation and upon increases and decreases actually allowed under this Act shall be effective upon the filing of the application. Nothing in this subsection shall require the reduction of any maximum rent, nor prevent such additional adjustment for increases in costs and prices as the President may deem appropriate."

SEC. 204. Section 205 of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

"SEC. 205. (a) Any person who demands, accepts, receives, or retains any payment of rent in excess of the maximum rent prescribed under the provisions of this Act, or any regulation, order, or requirement thereunder, shall be liable to the person from whom such payment is demanded, accepted, received, or retained (or shall be liable to the United States as hereinafter provided) for reasonable attorney's fees and costs as determined by the court, plus liquidated damages in the amounts of (1) \$50, or (2) not more than three times the amount by which the payment or payments demanded, accepted, received, or retained exceed the maximum rent which could lawfully be demanded, accepted, received, or retained, as the court in its discretion may determine, whichever in either case may be the greater amount: *Provided*, That the amount of such liquidated damages shall be the amount of the overcharge or overcharges if the defendant proves that the violation was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation.

"(b) Any person who unlawfully evicts a tenant shall be liable to the person so evicted (or shall be liable to the United States as hereinafter provided) for reasonable attorney's fees and costs as determined by the court, plus liquidated damages in the amounts of (1) one month's rent or \$50, whichever is greater, or (2) not more than three times such monthly rent, or \$150, whichever is greater: *Provided*, That the amount of such liquidated damages shall be the amount of one month's rent or \$50, whichever is greater, if the defendant proves that the violation was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation.

"(c) Suit to recover liquidated damages as provided in this section may be brought in any Federal court of competent jurisdiction regardless of the amount involved, or in any State or Territorial court of competent jurisdiction, within one year after the date of violation: *Provided*, That if the person from whom such payment is demanded, accepted, received, or retained, or the person wrongfully evicted, either fails to institute an action under this section within thirty days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the United States may settle the claim arising out of the violation or within one year after the date of violation may institute such action. If such claim is settled or such action is instituted, the person from whom such payment is demanded, accepted, received, or retained, or the person wrongfully evicted, shall thereafter be barred from bringing an action for the same violation or violations. For the purpose of determining the amount of liquidated damages to be awarded to the plaintiff in an action brought under subsection (a) of this section, all violations alleged in an action under said subsection (a) which were committed by the defendant with respect to the plaintiff prior to the bringing of such an action shall be deemed to constitute one violation and, in such action under subsection (a) of this section, the amount demanded, accepted, received, or retained in connection with such one violation shall be deemed to be the aggregate amount demanded, accepted, received, or retained in connection with all such violations. A judgment for damages or on the merits in any action under either subsection (a) or (b) of this section shall be a bar to any recovery under the same subsection of this section in any other action against the same defendant on account of any violation with respect to the same person prior to the institution of the action in which such judgment was rendered."

Sec. 205. Section 206 (a) of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

"(a) (1) It shall be unlawful for any person to demand, accept, receive, or retain any rent for the use or occupancy of any controlled housing accommodations in excess of the maximum rent prescribed under this Act, or otherwise to do or omit to do any act, in violation of this Act, or of any regulation or order or requirement under this Act, or to offer, solicit, attempt, or agree to do any of the foregoing.

"(2) It shall be unlawful for any person to evict, remove, or exclude, or cause to be evicted, removed, or excluded, any tenant from any controlled housing accommodations in any manner or upon any grounds except as authorized or permitted by the provisions of this Act or any regulation, order, or requirement thereunder, and any person who lawfully gains possession from a tenant of any controlled housing accommodations, and thereafter fails fully to comply with such requirements or conditions as may have been imposed for such possession by the provisions of this Act or any regulation, order, or requirement thereunder, shall also be deemed to have unlawfully evicted such tenant and shall be liable to such tenant, or to the United States, as provided in this Act."

Sec. 206. Section 202 (a) of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

"(a) The term 'person' includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: *Provided*, That no punishment provided by this Act shall apply to the United States, or to any such government, political subdivision, or government agency."

Sec. 207. (a) The first sentence of section 202 (c) (1) (A) of the Housing and Rent Act of 1947, as amended, is amended by striking out the following: "which is located in a city of less than two million five hundred thousand population according to the 1940 decennial census and".

(b) Section 202 (c) (1) (B) of the Housing and Rent Act of 1947, as amended, is repealed.

(c) The proviso in section 204 (h) of the Housing and Rent Act of 1947, as amended, is repealed.

Sec. 208. Section 202 (d) of the Housing and Rent Act of 1947, as amended, is amended by inserting after "204 (i) (1) or (2)" the following: "204 (k), or 204 (l)".

Sec. 209. The first sentence of section 204 (b) (1) of the Housing and Rent Act of 1947, as amended, is amended by striking out "(h) and (i)" and inserting in lieu thereof "(h), (i), (k), (l), and (o)".

Sec. 210. Nothing in this Act or in the Housing and Rent Act of 1947, as amended, shall be construed to require any person to offer any housing accommodations for rent.

Sec. 211. (a) The last sentence of section 4 (c) of the Housing and Rent Act of 1947, as amended, is amended by inserting after the word "section" the following: "for persons engaged in national defense activities and".

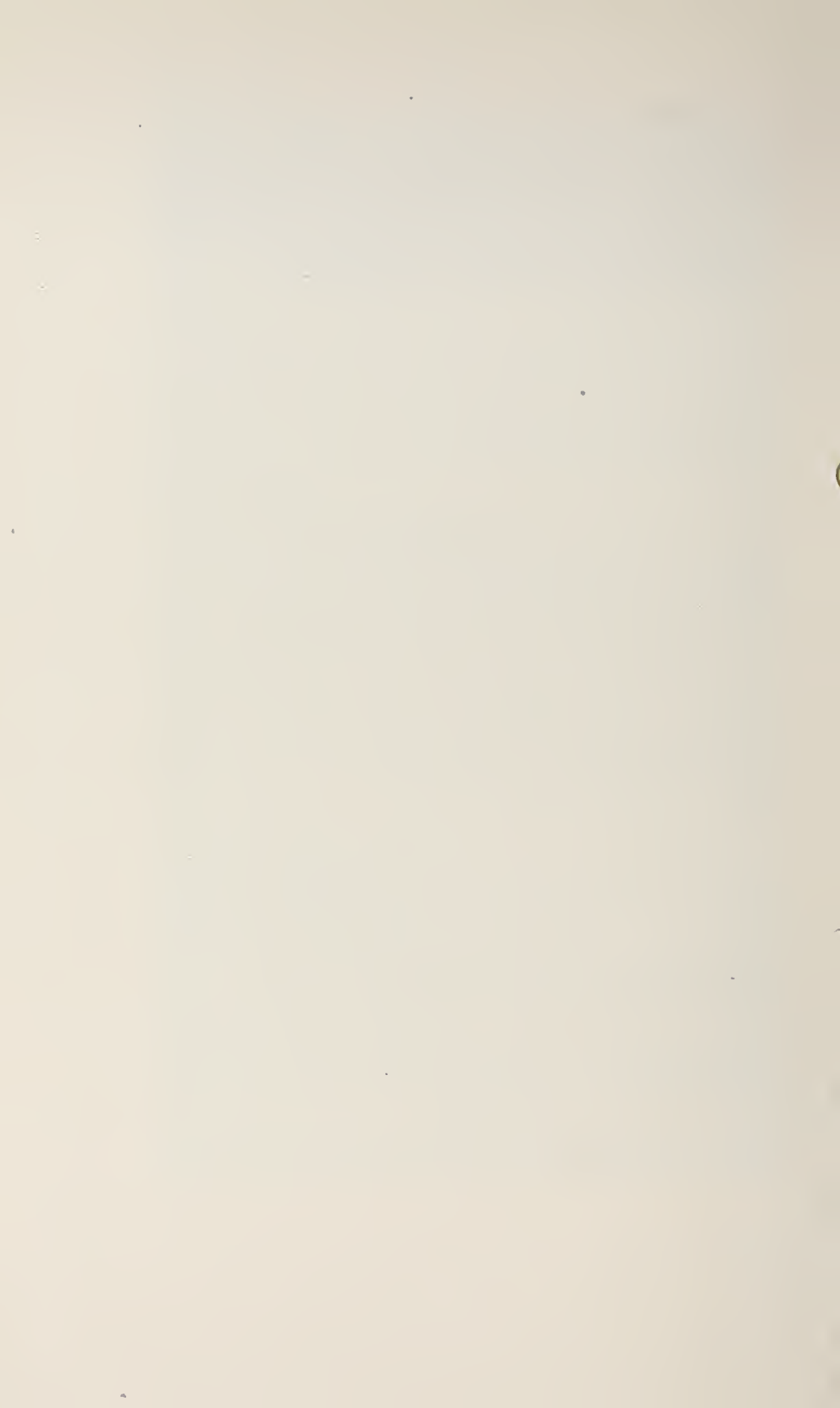
(b) Section 4 (e) of the Housing and Rent Act of 1947, as amended, is amended by striking out "July 31, 1951" and inserting in lieu thereof "June 30, 1952".

(c) Section 4 of such Act is amended by adding at the end thereof the following new subsection:

"(f) For the purposes of this section, any parent of a member of the armed forces of the United States who lost his life in the armed services of the United States since September 16, 1940, shall be considered to be a member of the family of a veteran of World War II."

SEC. 212. Section 215 of the Independent Offices Appropriation Act, 1946 (59 Stat. 134), and section 213 of the Independent Offices Appropriation Act, 1947 (60 Stat. 81), are hereby repealed.

Approved July 31, 1951, 7:00 p. m., E. D. T.



THE DEFENSE PRODUCTION ACT

1950

AS AMENDED BY

DEFENSE PRODUCTION ACT AMENDMENTS

1951

AUGUST 1951



**UNITED STATES OF AMERICA
OFFICE OF PRICE STABILIZATION
WASHINGTON, D. C.**

EXPLANATORY NOTE

Throughout this collation roman type is used to indicate text which has not been changed since original passage and issuance of the 1950 Act. Material which has been deleted by amendment is retained in the text, but is included in bold brackets. Revised or added material appears in italics. Footnote references appear for each amendment. All amendatory sections cited in the footnotes are contained in the Defense Production Act Amendments of 1951.

A section-by-section table of contents appears at the head of each title. An alphabetical index is provided at the end of the text material.

PREPARED BY THE
OFFICE OF THE RECORDING SECRETARY
OFFICE OF PRICE STABILIZATION

THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED BY THE DEFENSE PRODUCTION ACT AMENDMENTS OF 1951 (PUB. LAW 774, 81ST CONG; PUB. LAW 96, 82D CONG.)

AN ACT

To establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, provide for price and wage stabilization, provide for the settlement of labor disputes, strengthen controls over credit, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, divided into titles, may be cited as “the Defense Production Act of 1950 as amended by the Defense Production Act Amendments of 1951.”¹

TABLE OF CONTENTS

Title I.	Priorities and allocations.
Title II.	Authority to requisition <i>and condemn</i> . ²
Title III.	Expansion of productive capacity and supply.
Title IV.	Price and wage stabilization.
Title V.	Settlement of labor disputes.
Title VI.	Control of consumer and real estate credit.
Title VII.	General provisions.

DECLARATION OF POLICY

SEC. 2. It is the policy of the United States to oppose acts of aggression and to promote peace by insuring respect for world law and the peaceful settlement of differences among nations. To that end this Government is pledged to support collective action through the United Nations and through regional arrangements for mutual defense in conformity with the Charter of the United Nations. The United States is determined to develop and maintain whatever military and economic strength is found to be necessary to carry out this purpose. Under present circumstances, this task requires diversion of certain materials and facilities from civilian use to military and related purposes. It requires expansion of productive facilities beyond the levels needed to meet the civilian demand. In order that this diversion and expansion may proceed at once, and that the national economy may be maintained with the maximum effectiveness and the least hardship, normal civilian production and purchases must be curtailed and redirected.

It is the objective of this Act to provide the President with authority to accomplish these adjustments in the operation of the economy. It

¹ Original statute cited as “The Defense Production Act of 1950.” Amendatory act cited as “The Defense Production Act Amendments of 1951.”

² Words “and condemn” added by sec. 107.

is the intention of the Congress that the President shall use the powers conferred by this Act to promote the national defense, by meeting, promptly and effectively, the requirements of military programs in support of our national security and foreign policy objectives, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use, within the framework, as far as practicable, of the American system of competitive enterprise.

TITLE I—PRIORITIES AND ALLOCATIONS

Sec. 101. Contracts and materials.

Sec. 102. Hoarding.

Sec. 103. Penalties.

Sec. 104. Import controls.

SEC. 101. The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders in preference to other contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense. *No restriction, quota, or other limitation shall be placed upon the quantity of livestock which may be slaughtered or handled by any processor.*³

SEC. 102. In order to prevent hoarding, no person shall accumulate (1) in excess of the reasonable demands of business, personal, or home consumption, or (2) for the purpose of resale at prices in excess of prevailing market prices, materials which have been designated by the President as scarce materials or materials the supply of which would be threatened by such accumulation. The President shall order published in the Federal Register, and in such other manner as he may deem appropriate, every designation of materials the accumulation of which is unlawful and any withdrawal of such designation. [This section shall not be construed to limit the authority contained in section 101 of this Act.]⁴

*In making such designations the President may prescribe such conditions with respect to the accumulation of materials in excess of the reasonable demands of business, personal, or home consumption as he deems necessary to carry out the objectives of this Act.*⁵ This section shall not be construed to limit the authority contained in sections 101 and 704⁶ of this Act.

SEC. 103. Any person who willfully performs any act prohibited, or willfully fails to perform any act required, by the provisions of this title or any rule, regulation, or order thereunder, shall, upon conviction, be fined not more than \$10,000 or imprisoned for not more than one year, or both.

³ Italicized portion added by sec. 101 (a).

⁴ Bracketed portion deleted by sec. 101 (b).

⁵ Italicized portion added by sec. 101 (b).

⁶ Italicized portion added by sec. 101 (b).

"Sec. 104.⁷ Import controls of fats and oils (including oil-bearing materials, fatty acids, and soap and soap powder, but excluding petroleum and petroleum products and coconuts and coconut products), peanuts, butter, cheese and other dairy products, and rice and rice products are necessary for the protection of the essential security interests and economy of the United States in the existing emergency in international relations, and no imports of any such commodity or product shall be admitted to the United States until after June 30, 1952, which the Secretary of Agriculture determines would (a) impair or reduce the domestic production of any such commodity or product below present production levels, or below such higher levels as the Secretary of Agriculture may deem necessary in view of domestic and international conditions, or (b) interfere with the orderly domestic storing and marketing of any such commodity or product, or (c) result in any unnecessary burden or expenditures under any Government price support program. The President shall exercise the authority and powers conferred by this section."

TITLE II—AUTHORITY TO REQUISITION *AND CONDEMN.*⁸

Sec. 201 (a). Power to requisition.

Sec. 201 (b). Power to condemn, purchase, accept.

Sec. 201 (c). Return of property.

Sec. 201 (d). Disposition of property.

SEC. 201. (a) Whenever the President determines (1) that the use of any equipment, supplies, or component parts thereof, or materials or facilities necessary for the manufacture, servicing, or operation of such equipment, supplies, or component parts, is needed for the national defense, (2) that such need is immediate and impending and such as will not admit of delay or resort to any other source of supply, and (3) that all other means of obtaining the use of such property for the defense of the United States upon fair and reasonable terms have been exhausted, he is authorized to requisition such property or the use thereof for the defense of the United States upon the payment of just compensation for such property or the use thereof to be determined as hereinafter provided. The President shall promptly determine the amount of the compensation to be paid for any property or the use thereof requisitioned pursuant to this title but each such determination shall be made as of the time it is requisitioned in accordance with the provision for just compensation in the fifth amendment to the Constitution of the United States. If the person entitled to receive the amount so determined by the President as just compensation is unwilling to accept the same as full and complete compensation for such property or the use thereof, he shall be paid promptly 75 per centum of such amount and shall be entitled to recover from the United States, in an action brought in the Court of Claims or, without regard to whether the amount involved exceeds \$10,000, in any district court of the United States, within three years after the date of the President's award, an additional amount which, when added to the amount so paid to him, shall be just compensation.

⁷ Sec. 104 added by sec. 101 (c).

⁸ Italicized portion added by sec. 102 (a).

No real property (other than equipment and facilities, and buildings and other structures, to be demolished and used as scrap or second-hand materials) shall be acquired under this subsection.⁹

(b) ¹⁰ Whenever the President deems it necessary in the interest of national defense, he may acquire by purchase, donation, or other means of transfer, or may cause proceedings to be instituted in any court having jurisdiction of such proceedings to acquire by condemnation, any real property, including facilities, temporary use thereof, or other interest therein, together with any personal property located thereon or used therewith, that he deems necessary for the national defense, such proceedings to be in accordance with the Act of August 1, 1888 (25 Stat. 357), as amended, or any other applicable Federal statute. Before condemnation proceedings are instituted pursuant to this section, an effort shall be made to acquire the property involved by negotiation unless, because of reasonable doubt as to the identity of the owner or owners, because of the large number of persons with whom it would be necessary to negotiate, or for other reasons, the effort to acquire by negotiation would involve, in the judgment of the President, such delay in acquiring the property as to be contrary to the interest of national defense. In any condemnation proceeding instituted pursuant to this section, the court shall not order the party in possession to surrender possession in advance of final judgment unless a declaration of taking has been filed, and a deposit of the amount estimated to be just compensation has been made, under the first section of the Act of February 26, 1931 (46 Stat. 1421), providing for such declarations. Unless title is in dispute, the court, upon application, shall promptly pay to the owner at least 75 per centum of the amount so deposited, but such payment shall be made without prejudice to any party to the proceeding. Property acquired under this section may be occupied, used, and improved for the purposes of this section prior to the approval of title by the Attorney General as required by section 355 of the Revised Statutes, as amended.

(c) ¹¹ Whenever the President determines that any real property acquired under this title and retained is no longer needed for the defense of the United States, he shall, if the original owner desires the property and pays the fair value thereof, return such property to the owner. In the event the President and the original owner do not agree as to the fair value of the property, the fair value shall be determined by three appraisers, one of whom shall be chosen by the President, one by the original owner, and the third by the first two appraisers; the expenses of such determination shall be paid in equal shares by the Government and the original owner.

(d) ¹² Whenever the need for the national defense of any personal property [requisitioned] acquired ¹³ under this title shall terminate, the President may dispose of such property on such terms and conditions as he shall deem appropriate, but to the extent feasible and practicable he shall give the former owner of any property so disposed of an opportunity to reacquire it (1) at its then fair value as determined

⁹ Italicized portion added by sec. 102 (b) (1).

¹⁰ Subsec. (b) added by sec. 102 (b) (2).

¹¹ Formerly subsec. (b); redesignated by sec. 102 (b) (4).

¹² Formerly subsec. (c); redesignated by sec. 102 (b) (4).

¹³ Word "acquired" substituted for "requisitioned" by sec. 102 (b) (3).

by the President, or (2) if it is to be disposed of (otherwise than at a public sale of which he is given reasonable notice) at less than such value, at the highest price any other person is willing to pay therefor: *Provided*, That this opportunity to reacquire need not be given in the case of fungibles or items having a fair value of less than \$1,000.

TITLE III—EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

- Sec. 301 (a). Financing guarantees.
- Sec. 301 (b). Fiscal agents of U. S.
- Sec. 301 (c). Supervision of fiscal agents.
- Sec. 301 (d). Use of appropriations.
- Sec. 302. Loans to private enterprise.
- Sec. 303 (a). Purchase and development commitments.
- Sec. 303 (b). Commitments above ceiling prices or with anticipated resale loss.
- Sec. 303 (c). Subsidy payments.
- Sec. 303 (d). Power to transport, store, etc.
- Sec. 303 (e). Expansion of facilities.
- Sec. 304 (a). New agencies.
- Sec. 304 (b). Authority to borrow; obligations of borrowing agencies.

SEC. 301. (a) In order to expedite production and deliveries or services under Government contracts, the President may authorize, subject to such regulations as he may prescribe, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, and such other agencies of the United States engaged in procurement for the national defense as he may designate (hereinafter referred to as "guaranteeing agencies"), without regard to provisions of law relating to the making, performance, amendment, or modification of contracts, to guarantee in whole or in part any public or private financing institution (including any Federal Reserve bank), by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount, or advance, or on any commitment in connection therewith, which may be made by such financing institution for the purpose of financing any contractor, subcontractor, or other person in connection with the performance, or in connection with or in contemplation of the termination, of any contract or other operation deemed by the guaranteeing agency to be necessary to expedite production and deliveries or services under Government contracts for the procurement of materials or the performance of services for the national defense.

(b) Any Federal agency or any Federal Reserve bank, when designated by the President, is hereby authorized to act, on behalf of any guaranteeing agency, as fiscal agent of the United States in the making of such contracts of guarantee and in otherwise carrying out the purposes of this section. All such funds as may be necessary to enable any such fiscal agent to carry out any guarantee made by it on behalf of any guaranteeing agency shall be supplied and disbursed by or under authority from such guaranteeing agency. No such fiscal agent shall have any responsibility or accountability except as agent in taking any action pursuant to or under authority of the provisions of this section. Each such fiscal agent shall be reimbursed by each guaranteeing agency for all expenses and losses incurred by such fiscal

agent in acting as agent on behalf of such guaranteeing agency, including among such expenses, notwithstanding any other provision of law, attorneys' fees and expenses of litigation.

(c) All actions and operations of such fiscal agents under authority of or pursuant to this section shall be subject to the supervision of the President, and to such regulations as he may prescribe; and the President is authorized to prescribe, either specifically or by maximum limits or otherwise, rates of interest, guarantee and commitment fees, and other charges which may be made in connection with loans, discounts, advances, or commitments guaranteed by the guaranteeing agencies through such fiscal agents, and to prescribe regulations governing the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guarantees.

(d) Each guaranteeing agency is hereby authorized to use for the purposes of this section any funds which have heretofore been appropriated or allocated or which hereafter may be appropriated or allocated to it, or which are or may become available to it, for such purposes or for the purpose of meeting the necessities of the national defense.

SEC. 302. To expedite production and deliveries or services to aid in carrying out Government contracts for the procurement of materials or the performance of services for the national defense, the President may make provision for loans (including participations in, or guarantees of, loans) to private business enterprises (including research corporations not organized for profit) for the expansion of capacity, the development of technological processes, or the production of essential materials, including the exploration, development, and mining of strategic and critical metals and minerals. Such loans may be made without regard to the limitations of existing law and on such terms and conditions as the President deems necessary, except that financial assistance may be extended only to the extent that it is not otherwise available on reasonable terms.

[SEC. 303.¹⁴ (a) To assist in carrying out the objectives of this Act, the President may make provision (1) for purchases of or commitments to purchase metals, minerals, and other raw materials, including liquid fuels, for Government use or for resale; and (2) for the encouragement of exploration, development, and mining of critical and strategic minerals and metals: *Provided, however*, That purchases for resale under this subsection shall not include agricultural commodities except insofar as such commodities may be purchased for resale for industrial uses or stockpiling, and no agricultural commodity shall be sold for such purposes at less than the higher of the following: (i) the current market price for such commodity, or (ii) the minimum sale price established for agricultural commodities owned or controlled by the Commodity Credit Corporation as provided in section 407 of Public Law 439, Eighty-first Congress.

(b) Subject to the limitations in subsection (a), purchases and commitments to purchase and sales under such subsection may be made without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments,

¹⁴ Sec. 303 amended in full by sec. 103 (a).

and for such periods, as the President deems necessary, except that purchases or commitments to purchase involving higher than currently prevailing market prices or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

(c) The procurement power granted to the President by this section shall include the power to transport and store, and have processed and refined, any materials procured under this section.

(d) When in his judgment it will aid the national defense, the President is authorized to install additional equipment, facilities, processes, or improvements to plants, factories, and other industrial facilities owned by the United States Government, and to install Government-owned equipment in plants, factories, and other industrial facilities owned by private persons.】

Sec. 303.¹⁴ (a) To assist in carrying out the objectives of this Act, the President may make provision (1) for purchases of or commitments to purchase metals, minerals, and other materials, for Government use or resale; and (2) for the encouragement of exploration, development, and mining of critical and strategic minerals and metals: Provided, however, That purchases for resale under this subsection shall not include that part of the supply of an agricultural commodity which is domestically produced except insofar as such domestically produced supply may be purchased for resale for industrial uses or stockpiling, and no commodity purchased under this subsection shall be sold at less than the established ceiling price for such commodity (except that minerals and metals shall not be sold at less than the established ceiling price, or the current domestic market price, whichever is lower), or, if no ceiling price has been established, the higher of the following: (i) the current domestic market price for such commodity, or (ii) the minimum sale price established for agricultural commodities owned or controlled by the Commodity Credit Corporation as provided in section 407 of Public Law 439, Eighty-first Congress: Provided further, however, That no purchase or commitment to purchase any imported agricultural commodity shall be made calling for delivery more than one year after the expiration of this Act.

(b) Subject to the limitations in subsection (a), purchases and commitments to purchase and sales under such subsection may be made without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, but not extending beyond June 30, 1962, as the President deems necessary, except that purchases or commitments to purchase involving higher than established ceiling prices (or if there be no established ceiling prices, currently prevailing market prices) or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

(c) *If the President finds—*

(1) *that under generally fair and equitable ceiling prices for any raw or nonprocessed material, there will result a decrease in supplies from high-cost sources of such material, and that the continuation of such supplies is necessary to carry out the objectives of the Act; or*

(2) *that an increase in cost of transportation is temporary in character and threatens to impair maximum production or supply in any area at stable prices of any materials,*

he may make provision for subsidy payments on any such domestically produced material other than an agricultural commodity in such amounts and in such manner (including purchases of such material and its resale at a loss without regard to the limitations of existing law), and on such terms and conditions, as he determines to be necessary to insure that supplies from such high-cost sources are continued, or that maximum production or supply in such area at stable prices of such materials is maintained, as the case may be.

(d) *The procurement power granted to the President by this section shall include the power to transport and store and have processed and refined, any materials procured under this section.*

(e) *When in his judgment it will aid the national defense, the President is authorized to install additional equipment, facilities, processes or improvements to plants, factories, and other industrial facilities owned by the United States Government, and to install government-owned equipment in plants, factories, and other industrial facilities owned by private persons.*

SEC. 304. (a) For the purposes of sections 302 and 303, the President is hereby authorized to utilize such existing departments, agencies, officials, or corporations of the Government as he may deem appropriate, or to create new agencies (other than corporations).

(b) Any agency created under this section, and any department, agency, official, or corporation utilized pursuant to this section is authorized, subject to the approval of the President, to borrow from the Treasury of the United States, such sums of money as may be necessary to carry out its functions under sections 302 and 303: **Provided**, That the total amount borrowed under the provisions of this section by all such borrowers shall not exceed an aggregate of \$600,000,000 outstanding at any one time. **Provided**, That the amount borrowed under the provisions of this section by all such borrowers shall not exceed an aggregate of \$2,100,000,000 outstanding at any one time: **Provided further**, That when any contract, agreement, loan, or other transaction heretofore or hereafter entered into pursuant to section 302 or 303 imposes contingent liability upon the United States, such liability shall be considered for the purposes of sections 3679 and 3732 of the Revised Statutes, as amended, as an obligation only to the extent of the probable ultimate net cost to the United States under such transaction; and the President shall submit a report to the Congress not less often than once each quarter setting forth the gross amount of each such transaction entered into by an agency of the United States Government under this authority and the basis for de-

*termining the probable ultimate net cost to the United States thereunder.*¹⁵ For the purpose of borrowing as authorized by this subsection, the borrower may issue to the Secretary of the Treasury its notes, debentures, bonds, or other obligations to be redeemable at its option before maturity in such manner as may be stipulated in such obligations. Such obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligations. The Secretary of the Treasury is authorized and directed to purchase such obligations and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of obligations hereunder.

[(c)¹⁶ In addition to the sums authorized to be borrowed under subsection (b), there is hereby authorized to be appropriated to carry out the purposes of sections 302 and 303, such sums, not in excess of \$1,400,000,000, as may be necessary therefor.]

TITLE IV—PRICE AND WAGE STABILIZATION

- Sec. 401. Congressional intent.
- Sec. 402 (a) Voluntary action.
- Sec. 402 (b) (1) Issuance of regulations, orders, etc.
- Sec. 402 (b) (2) Individual price controls.
- Sec. 402 (b) (3) Complementary wage action.
- Sec. 402 (b) (4) General price controls action.
- Sec. 402 (b) (5) Complementary wage action.
- Sec. 402 (c) Standards.
- Sec. 402 (d) (1) Hardships and inequities.
- Sec. 402 (d) (2) Limitations on wage actions.
- Sec. 402 (d) (3) Agricultural parities.
- Sec. 402 (d) (4) Costs adjustments.
- Sec. 402 (e) Exemptions.
- Sec. 402 (f) Authority to provide exemptions.
- Sec. 402 (g) Changes in business practices.
- Sec. 402 (h) Grading, labeling, standardization.
- Sec. 402 (i) Sales limitations.
- Sec. 402 (j) Taxes included in prices.
- Sec. 402 (k) Customary percentage margins.
- Sec. 403 Creation of agency.
- Sec. 404 Business advisory groups.
- Sec. 405 (a) Price violations.
- Sec. 405 (b) Wage violations.
- Sec. 406 Compulsory sales or services.
- Sec. 407 (a) Protests.
- Sec. 407 (b) Official notice of economic data.
- Sec. 407 (c) Board of Review.
- Sec. 407 (d) Action on protests; undue delay.
- Sec. 408 (a) Dismissal of protests; appeal to Emergency Court of Appeals.
- Sec. 408 (b) Setting aside regulations and orders.
- Sec. 408 (c) Emergency Court of Appeals; jurisdiction, powers.
- Sec. 408 (d) Certiorari to the U. S. Supreme Court.
- Sec. 408 (e) (1) Protest by defendant in violation proceeding.
- Sec. 408 (e) (2) Stay of violations proceeding.
- Sec. 409 (a) Injunctions against violations.

¹⁵ Italicized portion substituted for bracketed portion by sec. 103 (c).

¹⁶ Subsec. (c) deleted by sec. 103 (e).

Sec. 409 (b) Penalties for violations.

Sec. 409 (c) Buyers' remedies.

Sec. 409 (d) Fines, penalties, etc., included as business costs.

Sec. 409 (e) "Court of Competent Jurisdiction."

Sec. 410 Contracts for the sale of fowls to U. S.

SEC. 401. It is the intent of Congress to provide authority necessary to achieve the following purposes in order to promote the national defense: To prevent inflation and preserve the value of the national currency; to assure that defense appropriations are not dissipated by excessive costs and prices; to stabilize the cost of living for workers and other consumers and the costs of production for farmers and businessmen; to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities; to protect consumers, wage earners, investors, and persons with relatively fixed or limited incomes from undue impairment of their living standards; to prevent economic disturbances, labor disputes, interferences with the effective mobilization of national resources, and impairment of national unity and morale; to assist in maintaining a reasonable balance between purchasing power and the supply of consumer goods and services; to protect the national economy against future loss of needed purchasing power by the present dissipation of individual savings; and to prevent a future collapse of values. It is the intent of Congress that the authority conferred by this title shall be exercised in accordance with the policies set forth in section 2 of this Act, and in particular with full consideration and emphasis, so far as practicable, on the maintenance and furtherance of the American system of competitive enterprise, including independent small-business enterprises, the maintenance and furtherance of a sound agricultural industry, the maintenance and furtherance of sound working relations, including collective bargaining, and the maintenance and furtherance of the American way of life. Whenever the authority granted by this title is exercised, all agencies of the Government dealing with the subject matter of this title, within the limits of their authority and jurisdiction, shall cooperate in carrying out these purposes.

SEC. 402. (a) In order to carry out the objectives of this title, the President may encourage and promote voluntary action by business, agriculture, labor and consumers. In proceeding under this subsection the President may exercise the authority to approve voluntary programs and agreements conferred on him under section 708, and may utilize the services of persons and agencies as provided in section 710.

(b) (1) To the extent that the objectives of this title cannot be attained by action under subsection (a), the President may issue regulations and orders establishing a ceiling or ceilings on the price, rental, commission, margin, rate, fee, charge, or allowance paid or received on the sale or delivery, or the purchase or receipt, by or to any person, of any material or service, and at the same time shall issue regulations and orders stabilizing wages, salaries, and other compensation in accordance with the provisions of this subsection.

(2) Action under this subsection may be taken either with respect to individual materials and services and to individual types of employment, or with respect to materials, services, and types of employment

generally. A ceiling may be established with respect to an individual material or service only when the President finds that (i) the price of the material or service has risen or threatens to rise unreasonably above the price prevailing during the period of May 24, 1950 to June 24, 1950, (ii) such price increase will materially affect the cost of living or the national defense, (iii) the imposition of such ceiling is necessary to effectuate the purposes of this Act, (iv) it is practicable and feasible to impose such ceiling, and (v) such ceiling will be generally fair and equitable to sellers and buyers of such material or service and to sellers and buyers of related or competitive materials and services.

(3) Whenever a ceiling has been imposed with respect to a particular material or service, the President shall stabilize wages, salaries, and other compensation in the industry or business producing the material or performing the service.

(4) Whenever ceilings on prices have been established on materials and services comprising a substantial part of all sales at retail and materially affecting the cost of living, the President (i) shall impose ceilings on prices and services generally, and (ii) shall stabilize wages, salaries, and other compensation generally.

(5) In stabilizing wages under paragraph (3) of this subsection, the President shall issue regulations prohibiting increases in wages, salaries, and other compensation which he deems would require an increase in the price ceiling or impose hardships or inequities on sellers operating under the price ceiling.

(c) So far as practicable, in exercising the authority conferred in this section, the President shall ascertain and give due consideration to comparable prices, rentals, commissions, margins, rates, fees, charges, and allowances, and to comparable salaries, wages, or other compensation, which he finds to be representative of those prevailing during the period from May 24, 1950, to June 24, 1950, inclusive, or, in case none prevailed during this period or if those prevailing during this period were not generally representative because of abnormal or seasonal market conditions or other cause, then those prevailing on the nearest date on which, in the judgment of the President, they are generally representative. The President shall also give due consideration to the national effort to achieve maximum production in furtherance of the objectives of this Act. In determining and adjusting ceilings on prices with respect to materials and services, he shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such materials or service, including the following: Speculative fluctuations, general increases or decreases in cost of production, distribution, and transportation, and general increases or decreases in profits earned by sellers of the material or by persons performing the service, subsequent to June 24, 1950. In stabilizing and adjusting wages, salaries or other compensation, the President shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such wages, salaries, or other compensation. Any regulation or order under this title shall be such as in the judgment of the President will be generally fair and equitable and will effectuate the purposes of this title, and shall be accompanied by a statement of

considerations involved in the issuance of such regulation or order. The President, in establishing and adjusting ceilings with respect to materials and services, and in stabilizing and adjusting wages, salaries, and other compensation, shall make such adjustments as he deems necessary to prevent or correct hardships or inequities.

(d) (1) Regulations and orders issued under this title shall apply regardless of any obligation heretofore or hereafter incurred, except as provided in this subsection; but the President shall make appropriate provision to prevent hardships and inequities to sellers who have bona fide contracts in effect on the date of issuance of any such regulation or order for future delivery of materials in which seasonal demands or normal business practices require contracts for future delivery.

(2) No wage, salary, or other compensation shall be stabilized at less than that paid during the period from May 24, 1950, to June 24, 1950, inclusive. No action shall be taken under authority of this title with respect to wages, salaries, or other compensation which is inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, or the Labor Management Relations Act, 1947, or any other law of the United States, or of any State, the District of Columbia, or any Territory or possession of the United States.

(3) No ceiling shall be established or maintained for any agricultural commodity below the highest of the following prices: (i) The parity price for such commodity, as determined by the Secretary of Agriculture in accordance with the Agricultural Adjustment Act of 1938, as amended, and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or (ii) the highest price received by producers during the period from May 24, 1950, to June 24, 1950, inclusive, as determined by the Secretary of Agriculture and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or (iii) in the case of any commodity for which the market was not active during the period May 24 to June 24, 1950, the average price received by producers during the most recent representative period prior to May 24, 1950, in which the market for such commodity was active as determined and adjusted by the Secretary of Agriculture to a level in line with the level of prices received by producers for agricultural commodities generally during the period May 24 to June 24, 1950, and adjusted by the Secretary for grade, location, and seasonal differentials, or (iv) in the case of fire-cured tobacco a price (as determined by the Secretary of Agriculture and adjusted for grade differentials) equal to 75 per centum of the parity price of Burley tobacco of the corresponding crop, and in the case of dark air-cured tobacco and Virginia sun-cured tobacco, respectively, a price (as determined by the Secretary of Agriculture and adjusted for grade differentials) equal to 66⅔ per centum of the parity price of Burley tobacco of the corresponding crop. No ceilings shall be established or maintained hereunder for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the highest price therefor specified in this subsection: *Provided*, That in establishing and maintaining ceilings

on products resulting from the processing of agricultural commodities, including livestock, a generally fair and equitable margin shall be allowed for such processing; *and equitable treatment shall be accorded to all such processors.*¹⁷ Whenever a ceiling has been established under this title with respect to any agricultural commodity, or any commodity processed or manufactured in whole or in substantial part therefrom, the President from time to time shall adjust such ceiling in order to make appropriate allowances for substantial reduction in merchantable crop yields, unusual increases in costs of production, and other factors which result from hazards occurring in connection with the production and marketing of such agricultural commodity; and in establishing the ceiling (1) for any agricultural commodity for which the 1950 marketing season commenced prior to the enactment of this Act and for which different areas have different periods of marketing during such season or (2) for any agricultural commodity produced for the same general use as a commodity described in (1), the President shall give due consideration to affording equitable treatment to all producers of the commodity for which the ceiling is being established. *No ceiling shall be established or maintained for any agricultural commodity below 90 per centum of the price received (by grade) by producers on May 19, 1951, as determined by the Secretary of Agriculture.*¹⁸ Nothing contained in this Act shall be construed to modify, repeal, supersede, or affect the provisions of *either (1) the Agricultural Act of 1949, or (2)*¹⁹ the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of [such Act]²⁰ *the Agricultural Marketing Agreement Act of 1937, as amended.*¹⁹ Ceiling prices to producers for milk used for distribution as fluid milk in any marketing area not under a marketing agreement, license, or order issued under the Agricultural Marketing Agreement Act of 1937, as amended, shall not be less than (1) parity prices for such milk, or (2) prices which in such marketing areas will bear the same ratio to the average farm price of milk sold wholesale in the United States as the prices for such fluid milk in such marketing areas bore to such average farm price during the base period, as determined by the Secretary of Agriculture, whichever is higher: *Provided, however,* That whenever the Secretary of Agriculture finds that the prices so fixed are not reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk and its products in any such marketing area, he shall fix such prices as he finds will reflect such factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest, which prices when so determined shall be used as the ceiling prices to producers for fluid milk in such marketing areas. *No ceiling prices to producers for milk or butterfat used for manufacturing dairy products shall be issued until and unless the Secretary of Agriculture shall*

¹⁷ Italicized portion added by sec. 104 (a).

¹⁸ Italicized portion added by sec. 104 (b).

¹⁹ Italicized portion added by sec. 104 (c).

²⁰ Bracketed portion deleted by sec. 104 (c).

determine that such prices are reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect the supply and demand for dairy products, and will insure a sufficient quantity of dairy products and be in the public interest. The prices so determined shall be adjusted by him for use, grade, quality, location, and season of the year.²¹

(4)²² After the enactment of this paragraph no ceiling price on any material (other than an agricultural commodity) or on any service shall become effective which is below the lower of (A) the price prevailing just before the date of issuance of the regulation or order establishing such ceiling price, or (B) the price prevailing during the period January 25, 1951, to February 24, 1951, inclusive. Nothing in this paragraph shall prohibit the establishment or maintenance of a ceiling price with respect to any material (other than an agricultural commodity) or service which (1) is based upon the highest price between January 1, 1950, and June 24, 1950, inclusive, if such ceiling price reflects adjustments for increases or decreases in costs occurring subsequent to the date on which such highest price was received and prior to July 26, 1951, or (2) is established under a regulation issued prior to the enactment of this paragraph. Upon application and a proper showing of his prices and costs by any person subject to a ceiling price, the President shall adjust such ceiling price in the manner prescribed in clause (1) of the preceding sentence. For the purposes of this paragraph the term "costs" includes material, indirect and direct labor, factory, selling, advertising, office, and all other production, distribution, transportation and administration costs, except such as the President may determine to be unreasonable and excessive.

(e) The authority conferred by this title shall not be exercised with respect to the following:

(i) Prices or rentals for real property;
 (ii) Rates or fees charged for professional services; *wages, salaries, and other compensation paid to physicians employed in a professional capacity by licensed hospitals, clinics and like medical institutions for the care of the sick or disabled; wages, salaries and other compensation paid to attorneys licensed to practice law employed in a professional capacity by an attorney or firm of attorneys engaged in the practice of his or their profession.*²³

(iii) Prices or rentals for (a) materials furnished for publication by any press association or feature service, or (b) books, magazines, motion pictures, periodicals, or newspapers, other than as waste or scrap; or rates charged by any person in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio broadcasting or television station, a motion-picture or other theater enterprise, or outdoor advertising facilities;

(iv) Rates charged by any person in the business of selling or underwriting insurance;

(v) Rates charged by any common carriers or other public utility: *Provided*, That no common carrier or other public utility shall at any time after the President shall have issued any stabilization regula-

²¹ Italicized portion added by sec. 104 (d).

²² Par. (4) added by sec. 104 (e).

²³ Italicized portion added by sec. 104 (f).

tions and orders under subsection (b) make any increase in its charges for property or services sold by it for resale to the public, for which application is filed after the date of issuance of such stabilization regulations and orders, before the Federal, State or Municipal authority having jurisdiction to consider such increase, unless it first gives 30 days' notice to the President, or such agency as he may designate, and consents to the timely intervention by such agency before the Federal, State or Municipal authority having jurisdiction to consider such increase;

(vi) Margin requirements on any commodity exchange.

(vii) ²⁴ *Prices charged and wages paid for services performed by barbers and beauticians.*

(f) The President, in or by any regulation or order, may provide exemptions for any materials or services, or transactions therein, or types of employment, with respect to which he finds that (1) such exemption is necessary to promote the national defense; or (2) it is unnecessary that ceilings be applicable to such materials or services, or transactions therein, or that compensation for such types of employment be stabilized, in order to effectuate the purposes of this title.

(g) The powers granted in this title shall not be used or made to operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, established in any industry, except where such action is affirmatively found by the President to be necessary to prevent circumvention or evasion of any regulation, order, or requirement under this title.

(h) Nothing in this title shall be construed (1) as authorizing the elimination or any restriction of the use of trade and brand names; (2) as authorizing the President to require the grade labeling of any materials; (3) as authorizing the President to standardize any materials or services, unless the President shall determine, with respect to such standardization, that no practicable alternative exists for securing effective price control with respect to such materials or services; or (4) as authorizing any order of the President establishing price ceiling for different kinds, classes, or types of material or service, which are described in terms of specifications or standards, unless such specifications or standards were, prior to such order, in general use in the trade or industry affected, or have previously been promulgated and their use lawfully required by another Government agency.

(i) No rule, regulation, or order issued under this title shall require any seller of materials at retail to limit his sales with reference to any highest price line offered for sale by him at any prior time.

(j) ²⁵ *Where the sale or delivery of a material or service makes the person selling or delivering it liable for a State or local gross receipts tax or gross income tax, he may receive for the material or service involved, in addition to the ceiling price, (1) an amount equal to the amount of all such State and local taxes for which the transaction makes him liable, or (2) one cent, whichever is greater. For the purposes of the preceding sentence, the amount of tax liability shall be computed on shipping units at the ceiling price, and a fractional part*

²⁴ Par. (vii) added by sec. 104 (g).

²⁵ Subsec. (j) added by sec. 104 (h).

of a cent in the amount of tax liability shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to one cent.

(k) ^{25a} No rule, regulation, order or amendment thereto shall hereafter be issued under this title, which shall deny to sellers of materials at retail or wholesale their customary percentage margins over costs of the materials during the period May 24, 1950, to June 24, 1950, or on such other nearest representative date determined under section 402 (c), as shown by their records during such period, except as to any one specific item of a line of material sold by such sellers which is in short supply as evidenced by specific government action to encourage production of the item in question. No such exception shall reduce such customary margins of sellers at retail or wholesale beyond the amount found by the President, in writing, to be generally equitable and proportionate in relation to the general reductions in the customary margins of all other classes of persons concerned in the production and distribution of the excepted item of material.

Prior to making any finding that a specific item of material shall be so excepted, or as to the amount of the reductions in customary margins to be imposed upon retail and wholesale sellers of such item, the President shall consult with representatives of the affected retail and wholesale sellers concerning the basis for and the amount of the exception which is proposed with respect to any such item.

For purposes of this section a person is a "seller of a material at retail or wholesale" to the extent that such person purchases and resells an item of material without substantially altering its form; or to the extent that such person sells to ultimate consumers except (1) to government and institutional consumers and (2) to consumers who purchase for consumption in the course of trade or business.

SEC. 403. At such time as the President determines that it is necessary to impose price and wage controls generally over a substantial portion of the national economy, he shall administer such controls, and rationing at the retail level of consumer goods for household and personal use under authority of Title I of this Act (when and to the extent that he exercises such authority), through a new independent agency created for such purpose: *Provided, however, That the President shall administer any controls over the wages or salaries of employees subject to the provisions of the Railway Labor Act, as amended, through a separate board or panel having jurisdiction only over such employees.*²⁵ Such agency may utilize the services, information, and facilities of other agencies and departments of the Government, but such agency shall not delegate enforcement of any of the controls to be administered by it under this section to any other agency or department.

SEC. 404. In carrying out the provisions of this title, the President shall, so far as practicable, advise and consult with, and establish and utilize committees of, representatives of persons substantially affected by regulations or orders issued hereunder.

SEC. 405. (a) It shall be unlawful, regardless of any obligation heretofore or hereafter entered into, for any person to sell or deliver,

^{25a} Subsec. (k) added by sec. 104 (h).

²⁵ Italicized portion added by sec. 105 (a).

or in their regular course of business or trade to buy or receive, any material or service, or otherwise to do or omit to do any act, in violation of this title or of any regulation, order, or requirement issued thereunder, or to offer, solicit, attempt or agree to do any of the foregoing. *The President shall also prescribe the extent to which any payment made, either in money or property, by any person in violation of any such regulation, order, or requirement shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any such person for the purposes of any other law or regulation, including bases in determining gain for tax purposes.*²⁷

(b) No employer shall pay, and no employee shall receive, any wage, salary, or other compensation in contravention of any regulation or order promulgated by the President under this title. The President shall also prescribe the extent to which any wage, salary, or compensation payment made in contravention of any such regulation or order shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any employer for the purposes of any other law or regulation.

SEC. 406. Nothing in this title shall be construed to require any person to sell any material or service, or to perform personal services.

SEC. 407. (a) At any time within six months after the effective date of any regulation or order relating to price controls under this title, or, in the case of new grounds arising after the effective date of any such regulation or order relating to price controls, within six months after such new grounds arise, any person subject to any provision of such regulation or order may, in accordance with regulations to be prescribed by the President, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. Statements in support of any such regulation or order may be received and incorporated in the transcript of the proceedings at such times and in accordance with such regulations as may be prescribed by the President. Within a reasonable time after the filing of any protest under this section, but in no event more than thirty days after such filing, the President shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith. In the event that the President denies any such protest in whole or in part, he shall inform the protestant of the grounds upon which such decision is based, and of any economic data and other facts of which the President has taken official notice.

(b) In the administration of this title the President may take official notice of economic data and other facts, including facts found by him as a result of action taken under section 705 of this Act.

(c) Any proceedings under this section may be limited by the President to the filing of affidavits, or other written evidence, and the filing of briefs: *Provided, however,* That upon the request of the protestant, any protest filed in accordance with subsection (a) of this section shall, before denial in whole or in part, be considered by a

²⁷ *Italicized portion added by sec. 104 (i).*

board of review consisting of one or more officers or employees of the United States designated by the President in accordance with regulations to be promulgated by him. Such regulations shall provide that the board of review may conduct hearings and hold sessions in the District of Columbia or any other place, as a board, or by subcommittees thereof, and shall provide that, upon the request of the protestants and upon a showing that material facts would be adduced thereby, subpoenas shall issue to procure the evidence of persons, or the production of documents, or both. The President shall cause to be presented to the board such evidence, including economic data, in the form of affidavits or otherwise, as he deems appropriate in support of the provision against which the protest is filed. The protestant shall be accorded an opportunity to present rebuttal evidence in writing and oral argument before the board, and the board shall make written recommendations to the President. The protestant shall be informed of the recommendations of the board and, in the event that the President rejects such recommendations in whole or in part, shall be informed of the reasons for such rejection.

(d) Any protest filed under this section shall be granted or denied by the President, or granted in part and the remainder of it denied within a reasonable time after it is filed. Any protestant who is aggrieved by undue delay on the part of the President in disposing of his protest may petition the Emergency Court of Appeals for relief; and such court shall have jurisdiction by appropriate order to require the President to dispose of such protest within such time as may be fixed by the court. If the President does not act finally within the time fixed by the court, the protest shall be deemed to be denied at the expiration of that period.

SEC. 408. (a) Any person who is aggrieved by the denial or partial denial of his protest may, within thirty days after such denial, file a complaint with the Emergency Court of Appeals specifying his objections and praying that the regulation or order protested be enjoined or set aside in whole or in part. A copy of such complaint shall forthwith be served on the President, who shall certify and file with such court a transcript of such portions of the proceedings in connection with the protest as are material under the complaint. Such transcript shall include a statement setting forth, so far as practicable, the economic data and other facts of which the President has taken official notice. Upon the filing of such complaint the court shall have exclusive jurisdiction to set aside such regulation or order, in whole or in part, to dismiss the complaint, or to remand the proceeding: *Provided*, That the regulation or order may be modified or rescinded by the President at any time notwithstanding the pendency of such complaint. No objection to such regulation or order, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by the complainant in the protest or such evidence shall be contained in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the President and not admitted, or which could not reasonably have been offered to the President or included by the President in such proceedings, and the court determines that such evidence should be admitted, the court shall order

the evidence to be presented to the President. The President shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof and any modification made in the regulation or order as a result thereof; except that on request by the President, any such evidence shall be presented directly to the court.

(b) No such regulation or order shall be enjoined or set aside, in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation or order is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court enjoining or setting aside, in whole or in part, any such regulation or order shall be postponed until the expiration of thirty days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (d) within such thirty days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.

(c) The Emergency Court of Appeals is hereby continued for the purpose of the exercise of the jurisdiction granted by this title, with the powers herein specified, together with the powers heretofore granted by law to such court which are not inconsistent with the provisions of this title. The court shall have the powers of a district court with respect to the jurisdiction conferred on it by this title; except that the court shall not have power to issue any temporary restraining order or interlocutory decree staying or restraining, in whole or in part, the effectiveness of any regulation or order relating to price controls issued under this title. The court shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction under this title.

(d) Within thirty days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a United States court of appeals as provided in section 1254 of title 28, United States Code. The Supreme Court shall advance on the docket and expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity of any regulation or order relating to price controls issued under this title, and of any provision of any such regulation or order. Except as provided in this section, no court, Federal, State, or Territorial, shall have jurisdiction or power to consider the validity of any such regulation or order relating to price controls, or to stay, restrain, enjoin, or set aside, in whole or in part, any provision of this title authorizing the issuance of such regulations or orders, or any provision of any such regulation or order, or to restrain or enjoin the enforcement of any such provision.

(e) (1) Within thirty days after arraignment, or such additional time as the court may allow for good cause shown, in any criminal

proceeding, and within five days after judgment in any civil or criminal proceeding, brought pursuant to section 409 or 706 of this Act or section 371 of title 18, United States Code, involving alleged violation of any provision of any regulation or order relating to price controls issued under this title, the defendant may apply to the court in which the proceeding is pending for leave to file in the Emergency Court of Appeals a complaint against the President setting forth objections to the validity of any provision which the defendant is alleged to have violated or conspired to violate. The court in which the proceeding is pending shall grant such leave with respect to any objection which it finds is made in good faith and with respect to which it finds there is reasonable and substantial excuse for the defendant's failure to present such objection in a protest filed in accordance with section 407 of this title. Upon the filing of a complaint pursuant to and within thirty days from the granting of such leave, the Emergency Court of Appeals shall have jurisdiction to enjoin or set aside in whole or in part the provision of the regulation or order complained of or to dismiss the complaint. The court may authorize the introduction of evidence, either to the President or directly to the court, in accordance with subsection (a) of this section. The provisions of subsections (b) (c), and (d) of this section shall be applicable with respect to any proceeding instituted in accordance with this subsection.

(2) In any proceeding brought pursuant to section 409 or 706 of this Act or section 371 of title 18, United States Code, involving an alleged violation of any provision of any such regulation or order, the court shall stay the proceeding—

(i) during the period within which a complaint may be filed in the Emergency Court of Appeals pursuant to leave granted under paragraph (1) of this subsection with respect to such provision;

(ii) during the pendency of any protest properly filed by the defendant under section 407 of this title prior to the institution of the proceeding under section 409 or 706 of this Act or section 371 of title 18, United States Code, setting forth objections to the validity of such provision which the court finds to have been made in good faith; and

(iii) during the pendency of any judicial proceeding instituted by the defendant under this section with respect to such protest or instituted by the defendant under paragraph (1) of this subsection with respect to such provision, and until the expiration of the time allowed in this section for the taking of further proceedings with respect thereto.

Notwithstanding the provisions of this paragraph, stays shall be granted thereunder in civil proceedings only after judgment and upon application made within five days after judgment. Notwithstanding the provisions of this paragraph, in the case of a proceeding under section 409 (a) or 706 (a) of this Act the court granting a stay under this paragraph shall issue a temporary injunction or restraining order enjoining or restraining, during the period of the stay, violations by the defendant of any provision of the regulation or order involved in the proceeding. If any provision of a regu-

lation or order is determined to be invalid by judgment of the Emergency Court of Appeals which has become effective in accordance with section 408 (b) of this title, any proceeding pending in any court shall be dismissed, and any judgment in such proceeding vacated, to the extent that such proceeding or judgment is based upon violation of such provision. Except as provided in this subsection, the pendency of any protest under section 407 of this title, or judicial proceeding under this section, shall not be grounds for staying any proceeding brought pursuant to section 409 or 706 of this Act or section 371 of title 18, United States Code; nor, except as provided in this subsection, shall any retroactive effect be given to any judgment setting aside a provision of a regulation or order issued under this title.

SEC. 409. (a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 405 of this title, he may make application to ~~any district court of the United States or any United States court of any Territory or other place subject to the jurisdiction of the United States~~²⁸ **[the appropriate court]** for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order, *with or without such injunction or restraining order*,²⁹ shall be granted without bond.

(b) Any person who willfully violates any provision of section 405 of this title shall be guilty of a misdemeanor and shall, upon conviction thereof, be subject to a fine of not more than \$10,000, or to imprisonment for not more than one year, or both. Whenever the President has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

(c) If any person selling any material or service violates a regulation or order prescribing a ceiling or ceilings, the person who buys such material or service for use or consumption other than in the course of trade or business may, within one year from the date of the occurrence of the violation, except as hereinafter provided, bring an action against the seller on account of the overcharge. In any action under this subsection, the seller shall be liable for reasonable attorney's fees and costs as determined by the court, plus whichever of the following sums is greater: (1) such amount not more than three times the amount of the overcharge, or the overcharges, upon which the action is based as the court in its discretion may determine, **[but in no event shall such amount exceed the amount of the overcharge, or the overcharges, plus \$10,000,**³⁰ or (2) an amount not less than \$25 nor more than \$50 as the court in its discretion may determine: *Provided, however,* That such amount shall be the amount of the overcharge or overcharges if the defendant proves that the violation of the regu-

²⁸ Italicized portion substituted for bracketed words by sec. 104 (j).

²⁹ Italicized portion added by sec. 104 (j).

³⁰ Bracketed portion deleted by sec. 104 (k).

lation or order in question was neither willfull nor the result of failure to take practicable precautions against the occurrence of the violation. For the purposes of this section the word "overcharge" shall mean the amount by which the consideration exceeds the applicable ceiling. If any person selling any material or service violates a regulation or order prescribing a ceiling or ceilings and the buyer either fails to institute an action under this subsection within thirty days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the President may institute such action on behalf of the United States within such one-year period, or compromise with the seller the liability which might be assessed against the seller in such an action. If such action is instituted, or such liability is compromised by the President, the buyer shall thereafter be barred from bringing an action for the same violation or violations. Any action under this subsection by either the buyer or the President, as the case may be, may be brought in any court of competent jurisdiction. A judgment in an action for damages, or a compromise, under this subsection shall be a bar to the recovery under this subsection of any damages in any other action against the same seller on account of sales made to the same purchaser prior to the institution of the action in which such judgment was rendered, or prior to such compromise. The President may not institute any action under this subsection on behalf of the United States—

(1) if the violation arose because the person selling the material or service acted upon and in accordance with the written advice and instructions of the President or any official authorized to act for him;

(2) if the violation arose out of the sale of any material or service to any agency of the Government, and such sale was made pursuant to the lowest bid made in response to an invitation for competitive bids.

(d) ³¹ *The President shall also prescribe the extent to which any payment made by way of fine pursuant to subsection (b) of this section 409, or any payment made to the United States or to any buyer in compromise or satisfaction of any liability or of any right of action, suit, or judgment, authorized pursuant to subsection (c) of this section 409 for selling any material or service, in violation of a regulation or order providing a ceiling or ceilings, shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any such person for the purposes of any other law or regulation.*

(e) ³¹ *The term "court of competent jurisdiction" as used in this section shall mean any Federal court of competent jurisdiction regardless of the amount in controversy and any State or Territorial court of competent jurisdiction.*

SEC. 410. Each contract providing for the purchase of processed chickens or turkeys by any department or agency of the United States from any contractor, entered into at any time when ceiling prices are in effect under this Act for whichever of such fowl is covered by such

³¹ Par. (d) and par. (e) added by sec. 104 (1).

contract, shall contain the following provision (with such change as may be necessary to describe the fowl covered by the contract) :

"The contractor represents that the contract price is based upon an estimated price paid to the producers for live chickens or live turkeys to be processed hereunder. In the event and to the extent that the actual price paid to the producers of live chickens or live turkeys purchased for the performance of this contract is less than such estimated price, the contract price shall be reduced by the same number of cents or fraction thereof, per pound."

TITLE V.—SETTLEMENT OF LABOR DISPUTES

Sec. 501. Congressional intent.

Sec. 502. Policy.

Sec. 503. Prevailing practices and laws.

SETTLEMENT OF LABOR DISPUTES

SEC. 501. It is the intent of Congress, in order to provide for effective price and wage stabilization pursuant to title IV of this Act and to maintain uninterrupted production, that there be effective procedures for the settlement of labor disputes affecting national defense.

SEC. 502. The national policy shall be to place primary reliance upon the parties to any labor dispute to make every effort through negotiation and collective bargaining and the full use of mediation and conciliation facilities to effect a settlement in the national interest. To this end, the President is authorized (1) to initiate voluntary conferences between management, labor, and such persons as the President may designate to represent government and the public, and (2) subject to the provisions of section 503, to take such action as may be agreed upon in any such conference and appropriate to carry out the provisions of this title. The President may designate such persons or agencies as he may deem appropriate to carry out the provisions of this title: *Provided, however, That in any dispute between employees and carriers subject to the Railway Labor Act, as amended, the procedures of such Act shall be followed for the purpose of bringing about a settlement of such dispute. Any agency provided for by such Act, including any panel or panel board established by the President for the adjustment of disputes arising under the Railway Labor Act, as a prerequisite to effecting or recommending a settlement of such dispute, shall make a specific finding and certification that the changes proposed by such settlement or recommended settlement, are consistent with such standards as may then be in effect, established by or pursuant to law, for the purpose of controlling inflationary tendencies: Provided further, That in any nondisputed wage or salary adjustments proposed as a result of voluntary agreement through collective bargaining, mediation, or otherwise, the same finding and certification of consistency with existing stabilization policy shall be made by the separate panel, chairman thereof, or boards as established and authorized by the President. Where such finding and certification are made by such agency, panel, chairman thereof, or boards, they shall after approval by the Economic Stabilization Administrator be conclusive*

*and it shall then be lawful for the employees and carriers, by agreement, to put into effect the changes proposed by the settlement, recommended settlement, or voluntary proposal with respect to which such findings and certification were made.*³²

SEC. 503. In any such conference, due regard shall be given to terms and conditions of employment established by prevailing collective bargaining practice which will be fair to labor and management alike, and will be consistent with stabilization policies established under this Act. No action inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, other Federal labor standards statutes, the Labor Management Relations Act, 1947, *the Railway Labor Act, as amended*,³³ or with other applicable laws shall be taken under this title.

TITLE VI—CONTROL OF CONSUMER AND REAL ESTATE CREDIT

Sec. 601. Standards.

Sec. 602. (a). Real estate construction credit.

Sec. 602 (b). Records and reports.

Sec. 602 (c). Registration.

Sec. 602 (d). Definitions.

Sec. 603. Penalties.

Sec. 604. Securities Exchange Act of 1934.

Sec. 605. Modification of real estate credit conditions; veterans' preferences.

THIS TITLE AUTHORIZES THE REGULATION OF CONSUMER CREDIT AND REAL ESTATE CONSTRUCTION CREDIT ONLY

SEC. 601. To assist in carrying out the objectives of this Act, the Board of Governors of the Federal Reserve System is authorized, notwithstanding the provisions of Public Law 386, Eightieth Congress (61 Stat. 921), to exercise consumer credit controls in accordance with and to carry out the provisions of Executive Order Numbered 8843 (August 9, 1941) until such time as the President determines that the exercise of such controls is no longer necessary, but in no event beyond the date on which this section terminates.

In the exercise of its authority under this section, the Board shall not (1) require a down payment of more than one-third or fix a maximum maturity of less than eighteen months in connection with instalment credit extended for the purchase of a new or used automobile, or (2) require a down payment of more than 15 per centum or fix a maximum maturity of less than eighteen months in connection with instalment credit extended for the purchase of any household appliance (including phonographs and radios and television sets), or (3) require a down payment of more than 15 per centum or fix a maximum maturity of less than eighteen months in connection with instalment credit extended for the purchase of household furniture and floor coverings (the down payments required by the Board in the exercise of its authority under paragraphs (1), (2), and (3) may be made in cash, or by trade-in or exchange of property, or by a combination of cash and trade-in or exchange of property), or (4) require

³² Italicized portion added by sec. 105 (b).

³³ Italicized portion added by sec. 105 (c).

*a down payment of more than 10 per centum or fix a maximum maturity of less than thirty-six months in connection with instalment credit extended for residential repairs, alterations, or improvements or require any down payment on roofing or siding repairs, alterations or improvements in advance of completion thereof.*³⁴

SEC. 602. (a) To assist in carrying out the purposes of this Act, the President is authorized from time to time to prescribe regulations with respect to such kind or kinds of real estate construction credit which thereafter may be extended as, in his judgment, it is necessary to regulate in order to prevent or reduce excessive or untimely use of or fluctuations in such credit. Such regulations may, among other things, prescribe maximum loan or credit values, minimum down payments in cash or property, trade-in or exchange values, maximum maturities, maximum amounts of credit, rules regarding the amount, form, and time of various payments, rules against any credit in specified circumstances, rules regarding consolidations, renewals, revisions, transfers, or assignments of credit, and rules regarding other similar or related matters. Such regulations may classify persons and transactions and may apply different requirements thereto, and may include such administrative provisions as in the judgment of the President are reasonably necessary in order to effectuate the purposes of this section or to prevent evasions thereof.

In prescribing and suspending such regulations, including changes from time to time to take account of changing conditions, the President shall consider, among other factors, (1) the level and trend of real estate construction credit and the various kinds thereof, (2) the effect of the use of such credit upon (i) purchasing power and (ii) demand for real property and improvements thereon and for other goods and services, (3) the need in the national economy for the maintenance of sound credit conditions, and (4) the needs for increased defense production.

(b) No person shall extend or maintain any real estate construction credit, or renew, revise, consolidate, refinance, purchase, sell, discount, or lend or borrow on, any obligation arising out of any such credit, or arrange for any of the foregoing, in contravention of any regulation prescribed by the President pursuant to this section. Any person who extends or maintains any such credit, or renews, revises, consolidates, refinances, purchases, sells, discounts, or lends or borrows on, any obligation arising out of any such credit, or arranges for any of the foregoing, shall make, keep, and preserve for such periods, such account, correspondence, memoranda, papers, books, and other records, and make such reports, under oath or otherwise, as the President may by regulation require as necessary or appropriate in order to effectuate the purposes of this section; and such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time to such reasonable periodic, special, or other examinations by examiners or other representatives of the President as the President may deem necessary or appropriate. The requirements of this section apply whether a person is acting as principal, agent, broker, vendor, or otherwise.

³⁴ Italicized portion added by sec. 106 (a).

(c) To assist in carrying out the purposes of this section, the President by regulation may require transactions or persons or classes thereof subject to this section to be registered; and, after notice and opportunity for hearing, the President by order may suspend any such registration for violation of this section or any regulation prescribed by the President pursuant to this section. The provisions of section 25 of the Securities Exchange Act of 1934, as amended, shall apply in the case of any such order of the President in the same manner that such provisions apply in the case of orders of the Securities and Exchange Commission under that Act. In carrying out this section, the President may act through and may utilize the services of the Board of Governors of the Federal Reserve System, the Federal Reserve banks, and any other agencies, Federal or State, which are available and appropriate.

(d) For the purposes of this section, unless the context otherwise requires, the following terms shall have the following meanings, but the President may in his regulations further define such terms and, in addition, may define technical, trade, accounting, and other terms, insofar as any such definitions are not inconsistent with the provisions of this section:

(1) "Real estate construction credit" means any credit which (i) is wholly or partly secured by, (ii) is for the purpose of purchasing or carrying, (iii) is for the purpose of financing, or (iv) involves a right to acquire or use, new construction on real property or real property on which there is new construction. As used in this paragraph the term "new construction" means any structure, or any major addition or major improvement to a structure, which has not been begun before 12 o'clock meridian, August 3, 1950. As used in this paragraph the term "real property" includes leasehold and other interests therein. Notwithstanding the foregoing provisions of this paragraph, the term "real estate construction credit" shall not include any loan or loans made, insured, or guaranteed by any department, independent establishment or agency in the executive branch of the United States, or by any wholly owned Government corporation, or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended.

(2) "Credit" means any loan, mortgage, deed of trust, advance, or discount; any conditional sale contract; any contract to sell or sale or contract of sale, of property or services, either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract for the bailment, leasing, or other use of property under which the bailee, lessee, or user has the option of becoming the owner thereof, obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof, or has the right to have all or part of the payments required by such contract applied to the purchase price of such property or similar property; any option, demand, lien, pledge, or similar claim against, or for the delivery of property or money; any purchase, discount, or other acquisition of, or any credit under the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

"SEC. 603. Any person who willfully violates any provisions of sections 601, 602, or 605³⁵ or any regulation or order issued thereunder, upon conviction thereof, shall be fined not more than \$5,000 or imprisoned not more than one year, or both.

SEC. 604. All the present provisions of sections 21 and 27 of the Securities Exchange Act of 1934, as amended (relating to investigations, injunctions, jurisdictions, and other matters), shall be as fully applicable with respect to the exercise by the Board of Governors of the Federal Reserve System of credit controls under section 601 as they are now applicable with respect to the exercise by the Securities and Exchange Commission of its functions under that Act, and the Board shall have the same powers in the exercise of such credit controls as the Commission now has under the said sections 21 and 27.

SEC. 605 To assist in carrying out the objectives of this Act the President may at any time or times, notwithstanding any other provision of law, reduce, for such period as he shall specify, the maximum authorized principal amounts, ratios of loan to value or cost, or maximum maturities of any type or types of loans on real estate which thereafter may be made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States Government, or by any wholly owned Government corporation or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended, or reduce or suspend any such authorized loan program, upon a determination, after taking into consideration the effect thereof upon conditions in the building industry and upon the national economy and the needs for increased defense production, that such action is necessary in the public interest: *Provided*, That in the exercise of these powers, the President shall preserve the relative credit preferences accorded to veterans under existing law. *Subject to the provision of this section with respect to preserving the relative credit preferences accorded to veterans under existing law, the President may require lenders or borrowers and their successors and assigns to comply with reasonable conditions and requirements, in addition to those provided by other laws, in connection with any loan of a type which has been the subject of action by the President under this section. Such conditions and requirements may vary for classifications of persons or transactions as the President may prescribe, and failure to comply therewith shall constitute a violation of this section.*³⁶

TITLE VII—GENERAL PROVISIONS

- Sec. 701 (a). Encouragement of small-business enterprises.
- Sec. 701 (b). Programs and policy.
- Sec. 701 (c). Fair distribution of materials; new businesses.
- Sec. 702. Definitions.
- Sec. 702 (a). "Person."
- Sec. 702 (b). "Materials."
- Sec. 702 (c). "Facilities."
- Sec. 702 (d). "National Defense."
- Sec. 702 (e). "Wages, salaries, and other compensation."

³⁵ Italicized portion added by sec. 106 (b).

³⁶ Italicized portion added by sec. 106 (c).

- Sec. 703 (a). Delegations; new agencies.
- Sec. 703 (b). Heads of agencies; policy representatives from the states.
- Sec. 704. Issuance of regulations, orders, etc.
- Sec. 705 (a). Inspection of books and records; subpoenas; contempt.
- Sec. 705 (b). Self-incrimination; immunity from prosecution.
- Sec. 705 (c). Production of books and records; witnesses and fees.
- Sec. 705 (d). Penalties.
- Sec. 705 (e). Confidential information.
- Sec. 706 (a). Injunctions and restraining orders; bonds.
- Sec. 706 (b). District courts; service of process; Attorney General.
- Sec. 707. Action under provision subsequently declared invalid.
- Sec. 708 (a). Voluntary agreements.
- Sec. 708 (b). Anti-trust provisions.
- Sec. 708 (c). Request of action pursuant to voluntary agreements.
- Sec. 708 (d). Withdrawal of requests.
- Sec. 708 (e). Attorney General's surveys.
- Sec. 709. Statements of consideration.
- Sec. 710 (a). Appointments in grades 16, 17, 18.
- Sec. 710 (b). Consultants without pay.
- Sec. 710 (c). Consultants with pay.
- Sec. 710 (d). Use of existing federal, state and local agencies.
- Sec. 710 (e). Use of information for speculation.
- Sec. 710 (f). Reports by the President.
- Sec. 711. Appropriations.
- Sec. 712 (a). Joint Congressional Committee on Defense Production.
- Sec. 712 (b). Functions.
- Sec. 712 (c). Hearings; power to subpoena.
- Sec. 712 (d). Appointment of experts, etc.
- Sec. 712 (e). Expenses.
- Sec. 713. Applicability of Act.
- Sec. 714 (a) (1). Small Defense Plants Administration.
- Sec. 714 (a) (2). Authority to obtain funds.
- Sec. 714 (a) (3). The Administrator.
- Sec. 714 (a) (4). Power to employ; use information.
- Sec. 714 (a) (5). Deposits.
- Sec. 714 (b) (1). Powers.
- Sec. 714 (b) (2). Procurement contracts.
- Sec. 714 (c) (1). Fraudulent procurement of loans, etc.
- Sec. 714 (c) (2). Malfeasance.
- Sec. 714 (d) (1). Functions of Administration.
- Sec. 714 (d) (2). Same.
- Sec. 714 (e). Powers of Administration.
- Sec. 714 (f) (1). Certification of small-business concerns.
- Sec. 714 (f) (2). Fair distribution of contracts.
- Sec. 714 (f) (3). Fair allocations by law.
- Sec. 714 (f) (4). Allocations disrupting normal markets.
- Sec. 714 (g). Reports to Congress.
- Sec. 714 (h). Adjustments for small-businesses.
- Sec. 714 (i). RFC loans.
- Sec. 714 (j). Transfer of functions to Administration.
- Sec. 714 (k). Certification of representatives; use of former employees of administration.
- Sec. 714 (l). Charges for government property.
- Sec. 714 (m). Appropriations.
- Sec. 715. Saving clause.
- Sec. 716. Strikes against government; advocating overthrow; penalties.
- Sec. 717 (a). Expiration date.
- Sec. 717 (b). Same; power of Congress.
- Sec. 717 (c). Continuation of obligations.

SEC. 701. (a) It is the sense of the Congress that small-business enterprises be encouraged to make the greatest possible contribution toward achieving the objectives of this Act.

(b) In order to carry out this policy—

(i) the President shall provide small-business enterprises with full information concerning the provisions of this Act relating to, or of benefit to, such enterprises and concerning the activities of the various departments and agencies under this Act;

(ii) such business advisory committees shall be appointed as shall be appropriate for purposes of consultation in the formulation of rules, regulations, or orders, or amendments thereto issued under authority of this Act, and in their formation there shall be fair representation for independent small, for medium, and for large business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry;

(iii) in administering this Act, such exemptions shall be provided for small-business enterprises as may be feasible without impeding the accomplishment of the objectives of this Act; and

(iv) in administering this Act, special provision shall be made for the expeditious handling of all requests, applications, or appeals from small-business enterprises.

(c) Whenever the President invokes the powers given him in this Act to allocate, or approve agreements allocating, any material, to an extent which the President finds will result in a significant dislocation of the normal distribution in the civilian market, he shall do so in such a manner as to make available, so far as practicable, for business and various segments thereof in the normal channel of distribution of such material, a fair share of the available civilian supply based, so far as practicable, on the share received by such business under normal conditions during a representative period preceding June 24, 1950 [and having due regard to the needs of new businesses] *and having due regard to the current competitive position of established business: Provided, That the limitations and restrictions imposed on the production of specific items shall not exclude new concerns from a fair and reasonable share of total authorized production.*³⁷

SEC. 702. As used in this Act—(a) The word “person” includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: *Provided, That no punishment provided by this Act shall apply to the United States, or to any such government, political subdivision, or government agency.*

(b) The word “materials” shall include raw materials, articles, Commodities, products, supplies, components, technical information, and processes.

(c) The word “facilities” shall not include farms, churches or other places of worship, or private dwelling houses.

(d) The term “national defense” means the operations and activities of the armed forces, the Atomic Energy Commission, or any other

³⁷ Italicized portion substituted for bracketed portion by sec. 108.

Government department or agency directly or indirectly and substantially concerned with the national defense, or operations or activities in connection with the Mutual Defense Assistance Act of 1949, as amended.

(e) The words "wages, salaries, and other compensation" shall include all forms of remuneration to employees by their employers for personal services, including, but not limited to, vacation and holiday payments, night shift and other bonuses, incentive payments, year-end bonuses, employer contributions to or payments of insurance or welfare benefits, employer contributions to a pension fund or annuity, payments in kind, and premium overtime payments.

SEC. 703. (a) Except as otherwise specifically provided, the President may delegate any power or authority conferred upon him by this Act to any officer or agency of the Government, including any new agency or agencies (and the President is hereby authorized to create such new agencies, other than corporate agencies, as he deems necessary), and he may authorize such redelegations by that officer or agency as the President may deem appropriate. *[The President is authorized to appoint heads and assistant heads of any such new agencies, and other officials therein of comparable status, and to fix their compensation, without regard to the Classification Act of 1949, as amended, at rates comparable to the compensation paid to the heads and assistant heads of independent agencies of the Government.]* *The President is authorized to appoint heads and assistant heads of any such new agencies, and other officials therein of comparable status, and to fix their compensation, without regard to the Classification Act of 1949, as amended, the head of one such agency to be paid at a rate comparable to the compensation paid to the heads of executive departments of the Government, and other such heads, assistant heads, and officials at rates comparable to the compensation paid to the heads and assistant heads of independent agencies of the Government.*³⁸ Any officer or agency may employ civilian personnel for duty in the United States, including the District of Columbia, or elsewhere, without regard to section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as the President deems necessary to carry out the provisions of this Act.

(b) The head and assistant heads of any independent agency created to administer the authority conferred by title IV of this Act shall be appointed by the President, by and with the advice and consent of the Senate. *There shall be included among the policy-making officers of each regional office administering the authority conferred by title IV of this Act a resident of each State served by such office whose governor requests such representation.*³⁹

SEC. 704. The President may make such rules, regulations, and orders as he deems necessary or appropriate to carry out the provisions of this Act. Any regulation or order under this Act may be established in such form and manner, may contain such classifications and differentiations (and may provide for such adjustments and reasonable exceptions as in the judgment of the President are necessary or proper to effectuate the purposes of this Act, or to prevent circumvention or

³⁸ Italicized portion substituted for bracketed portion by sec. 109 (a).

³⁹ Italicized portion added by sec. 109 (b).

evasion, or to facilitate enforcement of this Act, or any rule, regulation, or order issued under this Act. *No rule, regulation, or order issued under this Act which restricts the use of natural gas (either directly, or by restricting the use of facilities for the consumption of natural gas, or in any other manner) shall apply in any State in which a public regulatory agency has authority to restrict the use of natural gas and certifies to the President that it is exercising that authority to the extent necessary to accomplish the objectives of this Act.*⁴⁰

SEC. 705. (a) The President shall be entitled, while this Act is in effect and for a period of two years thereafter, by regulation, subpoena, or otherwise, to obtain such information from, require such reports and the keeping of such records by, make such inspection of the books, records, and other writings, premises or property of, and take the sworn testimony of, *and administer oaths and affirmations to*⁴¹ any person as may be necessary or appropriate, in his discretion, to the enforcement or the administration of this Act and the regulations or orders issued thereunder. The President shall issue regulations insuring that the authority of this subsection will be utilized only after the scope and purpose of the investigation, inspection, or inquiry to be made have been defined by competent authority, and it is assured that no adequate and authoritative data are available from any Federal or other responsible agency. In case of contumacy by, or refusal to obey a subpoena served upon, any person referred to in this subsection, the district court of the United States for any district in which such person is found or resides or transacts business, upon application by the President, shall have jurisdiction to issue an order requiring such person to appear and give testimony or to appear and produce documents, or both; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

(b) No person shall be excused from complying with any requirement under this section or from attending and testifying or from producing books, papers, documents, and other evidence in obedience to a subpoena before any grand jury or in any court or administrative proceeding based upon or growing out of any alleged violation of this Act on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no natural person shall be prosecuted or subjected to any penalty or forfeiture in any court, for or on account of any transaction, matter, or thing concerning which he is so compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such natural person so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying: *Provided*, That the immunity granted herein from prosecution and punishment and from any penalty or forfeiture shall not be construed to vest in any individual any right to priorities assistance, to the allocation of materials, or to any other benefit which is within the power of the President to grant under any provision of this Act.

(c) The production of a person's books, records, or other documentary evidence shall not be required at any place other than the

⁴⁰ *Italicized portion added by sec. 109 (c).*

⁴¹ *Italicized portion added by sec. 109 (d).*

place where such person usually keeps them, if, prior to the return date specified in the regulations, subpoena, or other document issued with respect thereto, such person furnishes the President with a true copy of such books, records, or other documentary evidence (certified by such person under oath to be a true and correct copy) or enters into a stipulation with the President as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

(d) Any person who willfully performs any act prohibited or willfully fails to perform any act required by the above provisions of this section, or any rule, regulation, or order thereunder, shall upon conviction be fined not more than \$1,000 or imprisoned for not more than one year or both.

(e) Information obtained under this section which the President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information shall not be published or disclosed unless the President determines that the withholding thereof is contrary to the interest of the national defense, and any person willfully violating this provision shall, upon conviction, be fined not more than \$10,000, or imprisoned for not more than one year, or both.

SEC. 706. (a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of this Act, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order, *with or without such injunction or restraining order*,⁴² shall be granted without bond.

(b) The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this Act or any rule, regulation, order, or subpoena thereunder, and of all civil actions under this Act to enforce any liability or duty created by, or to enjoin any violation of, this Act or any rule, regulation, order, or subpoena thereunder. Any criminal proceeding on account or any such violation may be brought in any district in which any act, failure to act, or transaction constituting the violation occurred. Any such civil action may be brought in any such district or in the district in which the defendant resides or transacts business. Process in such cases, criminal or civil, may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found; the subpoena for witnesses who are required to attend a court in any district in such case may run into any other district. The termination of the authority granted in any title or section of this Act, or of any rule, regulation, or order issued thereunder, shall not operate to defeat any suit, action, or prosecution, whether theretofore or there-

⁴² Italicized portion added by 109 (e).

after commenced, with respect to any right, liability, or offense incurred or committed prior to the termination date of such title or of such rule, regulation, or order. No costs shall be assessed against the United States in any proceeding under this Act. All litigation arising under this Act or the regulations promulgated thereunder shall be under the supervision and control of the Attorney General.

SEC. 707. No person shall be held liable for damages or penalties for any act or failure to act resulting directly or indirectly from his compliance with a rule, regulation, or order issued pursuant to this Act, notwithstanding that any such rule, regulation, or order shall thereafter be declared by judicial or other competent authority to be invalid. No person shall discriminate against orders or contracts to which priority is assigned or for which materials or facilities are allocated under title I of this Act or under any rule, regulation, or order issued thereunder, by charging higher prices or by imposing different terms and conditions for such orders or contracts than for other generally comparable orders or contracts, or in any other manner.

SEC. 708. (a) The President is authorized to consult with representatives of industry, business, financing, agriculture, labor, and other interests, with a view to encouraging the making by such persons with the approval by the President of voluntary agreements and programs to further objectives of this Act.

(b) No act or omission to act pursuant to this Act which occurs while this Act is in effect, if requested by the President pursuant to a voluntary agreement or program approved under subsection (a) and found by the President to be in the public interest as contributing to the national defense shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(c) The authority granted in subsection (b) shall be delegated only (1) to officials who shall for the purpose of such delegation be required to be appointed by the President by and with the advice and consent of the Senate, unless otherwise required to be so appointed, and (2) upon the condition that such officials consult with the Attorney General and with the Chairman of the Federal Trade Commission not less than ten days before making any request or finding thereunder, and (3) upon the condition that such officials obtain the approval of the Attorney General to any request thereunder before making the request. For the purpose of carrying out the objectives of title I of this Act, the authority granted in subsection (b) of this section shall not be delegated except to a single official of the Government.

(d) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

(e) The Attorney General is directed to make, or request the Federal Trade Commission to make for him, surveys for the purpose of

determining any factors which may tend to eliminate competition, create or strengthen monopolies, injure small business, or otherwise promote undue concentration of economic power in the course of the administration of this Act. The Attorney General shall submit to the Congress and the President within ninety days after the approval of this Act, and at such times thereafter as he deems desirable, reports setting forth the results of such surveys and including such recommendations as he may deem desirable.

SEC. 709. The functions exercised under this Act shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237) except as to the requirements of section 3 thereof. Any rule, regulation, or order, or amendment thereto, issued under authority of this Act shall be accompanied by a statement that in the formulation thereof there has been consultation with industry representatives, including trade association representatives, and that consideration has been given to their recommendations, or that special circumstances have rendered such consultation impracticable or contrary to the interest of the national defense, but no such rule, regulation, or order shall be invalid by reason of any subsequent finding by judicial or other authority that such a statement is inaccurate.

SEC. 710. (a) The President, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, is authorized to place positions and employ persons temporarily in grades 16, 17, and 18 of the General Schedule established by the Classification Act of 1949, and such positions shall be additional to the number authorized by section 505 of that Act.

(b) The President is further authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, and subject to such regulations as he may issue, to employ persons of outstanding experience and ability without compensation; and he is authorized to provide by regulation for the exemption of such persons from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code and section 190 of the Revised Statutes (5 U. S. C. 99). Persons appointed under the authority of this subsection may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence while away from their homes or regular places of business pursuant to such appointment.

(c) The President is authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act to employ experts and consultants or organizations thereof, as authorized by section 55a of title 5 of the United States Code. Individuals so employed may be compensated at rates not in excess of \$50 per diem and while away from their homes or regular places of business they may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses while so employed. The President is authorized to provide by regulation for the exemption of such persons from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code and section 190 of the Revised Statutes (5 U. S. C. 99).

(d) The President may utilize the services of Federal, State, and local agencies and may utilize and establish such regional, local, or other agencies, and utilize such voluntary and uncompensated services,

as may from time to time be needed; and he is authorized to provide by regulation for the exemption of persons whose services are utilized under this subsection from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code and section 190 of the Revised Statutes (5 U. S. C. 99).

(e) Whoever, being an officer or employee of the United States or any department or agency thereof (including any Member of the Senate or House of Representatives), receives, by virtue of his office or employment, confidential information, and (1) uses such information in speculating directly or indirectly on any commodity exchange, or (2) discloses such information for the purpose of aiding any other person so to speculate, shall be fined not more than \$10,000 or imprisoned not more than one year, or both. As used in this section, the term "speculate" shall not include a legitimate hedging transaction, or a purchase or sale which is accompanied by actual delivery of the commodity.

(f) ⁴³ *The President, when he deems such action necessary, may make provision for the printing and distribution of reports, in such number and in such manner as he deems appropriate, concerning the actions taken to carry out the objectives of this Act.*

SEC. 711. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this Act by the President and such agencies as he may designate or create. Funds made available for the purposes of this Act may be allocated or transferred for any of the purposes of this Act, with the approval of the Bureau of the Budget, to any agency designated to assist in carrying out this Act. Funds so allocated or transferred shall remain available for such period as may be specified in the Act making such funds available.

SEC. 712. (a) There is hereby established a joint congressional committee to be known as the Joint Committee on Defense Production (hereinafter referred to as the committee), to be composed of ten members as follows:

(1) Five members who are members of the Committee on Banking and Currency of the Senate, three from the majority and two from the minority party, to be appointed by the chairman of the committee; and

(2) Five members who are members of the Committee on Banking and Currency of the House of Representatives, three from the majority and two from the minority party, to be appointed by the chairman of the committee.

A vacancy in the membership of the committee shall be filled in the same manner as the original selection. The committee shall elect a chairman and a vice chairman from among its members, one of whom shall be a member of the Senate and the other a member of the House of Representatives.

(b) It shall be the function of the committee to make a continuous study of the programs authorized by this Act, and to review the progress achieved in the execution and administration of such programs. Upon request, the committee shall aid the standing committees of the Congress having legislative jurisdiction over any part

⁴³ Subsec. (f) added by sec. 109 (f).

of the programs authorized by this Act; and it shall make a report to the Senate and the House of Representatives, from time to time, concerning the results of its studies, together with such recommendations as it may deem desirable. Any department, official, or agency administering any of such programs shall, at the request of the committee, consult with the committee, from time to time, with respect to their activities under this Act.

(c) The committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places, to require by subpoena (to be issued under the signature of the chairman or vice chairman of the committee) or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The provisions of sections 102 to 104, inclusive, of the Revised Statutes shall apply in case of any failure of any witness to comply with any subpoena or to testify when summoned under authority of this subsection.

(d) The committee is authorized to appoint and, without regard to the Classification Act of 1949, as amended, fix the compensation of such experts, consultants, technicians, and organizations thereof, and clerical and stenographic assistants as it deems necessary and advisable.

(e) The expenses of the committee under this section, which shall not exceed \$50,000 in any fiscal year, shall be paid one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives upon vouchers signed by the chairman or vice chairman. Disbursements to pay such expenses shall be made by the Clerk of the House of Representatives out of the contingent fund of the House of Representatives, such contingent fund to be reimbursed from the contingent fund of the Senate in the amount of one-half of disbursements so made without regard to any other provision of law.

SEC. 713. The provisions of this Act shall be applicable to the United States, its Territories and possessions, and the District of Columbia.

Sec. 714.⁴⁴ (a) (1) *It is the sense of the Congress that small-business concerns be encouraged to make the greatest possible contribution toward achieving the objectives of this Act. In order to carry out this policy there is hereby created an agency under the name "Small Defense Plants Administration" (hereinafter referred to as the Administration), which Administration shall be under the general direction and supervision of the President and shall not be affiliated with or be within any other agency or department of the Federal Government. The principal office of the Administration shall be located in the District of Columbia, but the Administration may establish such branch offices in other places in the United States as may be determined by the Administrator of the Administration. For the purposes of this sec-*

⁴⁴ Sec. 714 added by sec. 110 (a).

tion, a small-business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation. The Administration, in making a detailed definition, may use these criteria, among others: independency of ownership and operation, number of employees, dollar volume of business, and nondominance in its field.

(2) The Administration is authorized to obtain money from the Treasury of the United States, for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of \$50,000,000 outstanding at any one time. For this purpose appropriations not to exceed \$50,000,000 are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Administration from the revolving fund when requested by the Administration. This revolving fund shall be used for the purposes enumerated subsequently in subsection (b) (1) (B), (C), and (D). Reimbursements made to the Administration under these operations shall revert to the revolving fund for use for the same purposes.

(3) The management of the Administration shall be vested in an Administrator who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be a person of outstanding qualifications known to be familiar and sympathetic with small-business needs and problems. The Administrator shall receive compensation at the rate of \$17,500 per annum. The Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator. The Administrator is authorized to appoint two Deputy Administrators to assist in the execution of the functions vested in the Administration. Deputy Administrators shall be paid at the rate of \$15,000 per annum.

(4) The Administration shall not have succession, beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to an Act of Congress. It shall have power to adopt, alter, and use a seal, which shall be judicially noticed; to select and employ such officers, employees, attorneys, and agents as shall be necessary for the transaction of business of the Administration; to define their authority and duties, require bonds of them, and fix the penalties thereof. The Administration, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself of the use of information, services, facilities, including any field service thereof, officers, and employees thereof in carrying out the provisions of this section.

(5) All moneys of the Administration not otherwise employed may be deposited with the Treasurer of the United States subject to check by authority of the Administration or in any Federal Reserve bank. The Federal Reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the Administration in the general performance of its powers conferred by this Act. All insured banks, when designated by the Secretary of the Treasury, shall act as custodians, and financial agents for the Administration.

(b) (1) Without regard to any other provision of law except the regulations prescribed under section 201 of the First War Powers Act, 1941, as amended, the Administration is empowered—

(A) to recommend to the Reconstruction Finance Corporation loans or advances, on such terms and conditions and with such maturity as the Reconstruction Finance Corporation may determine on its own discretion, to enable small-business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to finance research, development, and experimental work on new or improved products or processes; or to supply such concerns with capital to be used in the manufacture of articles, equipment, supplies, or materials for defense or essential civilian purposes; or to establish and operate technical laboratories to serve small-business concerns; such loans or advances to be made or effected either directly by the Reconstruction Finance Corporation or in cooperation with banks or other lending institutions through agreements to participate in insurance of loans, or by the purchase of participations, or otherwise;

(B) to enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating the Administration to furnish articles, equipment, supplies, or materials to the Government;

(C) to arrange for the performance of such contracts by letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts; and

(D) to provide technical and managerial aids to small-business concerns, by maintaining a clearinghouse for technical information, by cooperating with other Government agencies, by disseminating information, and by such other activities as are deemed appropriate by the Administration.

(2) In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent to perform any specific Government procurement contract to be let by any such officers, such officer shall be authorized to let such procurement contract to the Administration upon such terms and conditions as may be agreed upon between the Administration and the procurement officer.

(c) (1) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administration, or for the purpose of obtaining money, property, or anything of value, under this section, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

(2) Whoever, being connected in any capacity with the Administration (A) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (B) with intent to

defraud the Administration or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Administration makes any false entry in any book, report, or statement of or to the Administration, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (C) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Administration, or (D) gives any unauthorized information concerning any future action or plan of the Administration which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Administration shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(d) (1) It shall be the duty of the Administration and it is hereby empowered, to coordinate and to ascertain the means by which the productive capacity of small-business concerns can be most effectively utilized for national defense and essential civilian production.

(2) It shall be the duty of the Administration and it is hereby empowered, to consult and cooperate with appropriate governmental agencies in the issuance of all orders limiting or expanding production by, or in the formulation of policy in granting priorities to, business concerns. All such governmental agencies are required, before issuing such orders or announcing such priority policies, to consult with the Administration in order that small-business concerns will be most effectively utilized in the production of articles, equipment, supplies and materials for national defense and essential civilian purposes.

(e) The Administration shall have power, and it is hereby directed, whenever it determines such action is necessary—

(1) to make a complete inventory of all productive facilities of small-business concerns which can be used for defense and essential civilian production or to arrange for such inventory to be made by any other governmental agency which has the facilities. In making any such inventory, the appropriate agencies in the several States shall be requested to furnish an inventory of the productive facilities of small-business concerns in each respective State if such an inventory is available or in prospect;

(2) to consult and cooperate with officers of the Government having procurement powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

(3) to obtain information as to methods and practices which Government prime contractors utilize in letting subcontracts and to take action to encourage the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

(4) to take such action, authorized under this section, as is necessary to provide small-business concerns with an adequate

incentive, excluding subsidies, to engage in defense and essential civilian production and to facilitate the conversion and equipping of plants of small-business concerns for such production;

(5) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises, which are to be designated "small-business concerns" for the purpose of effectuating the provisions of this section;

(6) to certify to Government procurement officers with respect to the competency, as to capacity and credit, of any small-business concern or group of such concerns to perform a specific Government procurement contract;

(7) to obtain from any Federal department, establishment, or agency engaged in defense procurement or in the financing of defense procurement or production such reports concerning the letting of contracts and subcontracts and making of loans to business concerns as it may deem pertinent in carrying out its functions under this Act;

(8) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply, whenever it appears that any small business is unable to obtain materials for defense or essential civilian production from its normal sources;

(9) to make studies and recommendations to the appropriate Federal agencies to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns to effectuate the defense program or for essential civilian purposes;

(10) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from said agencies; and

(11) to establish such advisory boards and committees wholly representative of small business as may be found necessary to achieve the purposes of this section.

(f) (1) In any case in which a small-business concern or group of such concerns has been certified by or under the authority of the Administration to be a competent Government contractor with respect to capacity and credit as to a specific Government procurement contract, the officers of the Government having procurement powers are directed to accept such certification as conclusive, and are authorized to let such Government procurement contract to such concern or group of concerns without requiring it to meet any other requirement with respect to capacity and credit.

(2) The Congress has as its policy that a fair proportion of the total purchases and contracts for supplies and services for the Government shall be placed with small-business concerns. To effectuate such policy, small-business concerns within the meaning of this section shall receive any award or contract or any part thereof as to which it is determined by the Administration and the contracting procurement agencies (A) to be in the interest of mobilizing the Nation's full productive capacity, or (B) to be in the interest of the national defense program, to make such award or let such contract to a small-business concern.

(3) Whenever materials or supplies are allocated by law, a fair and equitable percentage thereof shall be allocated to small plants unable to obtain the necessary materials or supplies from usual sources. Such percentage shall be determined by the head of the lawful allocating authority after giving full consideration to the claims presented by the Administration.

(4) Whenever the President invokes the powers given him in this Act to allocate, or approve agreements allocating, any material, to an extent which the President finds will result in a significant dislocation of the normal distribution in the civilian market, he shall do so in such a manner as to make available, so far as practicable, for business and various segments thereof in the normal channel of distribution of such material, a fair share of the available civilian supply based, so far as practicable, on the share received by such business under normal conditions during a representative period preceding June 24, 1950: Provided that the limitations and restrictions imposed on the production of specific items should give due consideration to the needs of new concerns.

(g) The Administration shall make a report every ninety days of operations under this title to the President, the President of the Senate, and the Speaker of the House of Representatives. Such report shall include the names of the business concerns to whom contracts are let, and for whom financing is arranged, by the Administration, together with the amounts involved, and such report shall include such other information, and such comments and recommendations, with respect to the relation of small-business concerns to the defense effort, as the Administration may deem appropriate.

(h) The Administration is hereby empowered to make studies of the effect of price, credit, and other controls imposed under the defense program and whenever it finds that these controls discriminate against or impose undue hardship upon small business, to make recommendations to the appropriate Federal agency for the adjustment of controls to the needs of small business.

(i) The Reconstruction Finance Corporation is authorized to make loans and advances upon the recommendation of the Small Defense Plants Administration as provided in (b) (1) (A) of this section not to exceed an aggregate of \$100,000,000 outstanding at any one time, on such terms and conditions and with such maturities as Reconstruction Finance Corporation may determine.

(j) The President may transfer to the Administration any functions, powers, and duties of any department or agency which relates primarily to small-business problems.

(k) No loan shall be recommended or equipment, facilities, or services furnished by the Administration under this section to any business enterprise unless the owners, partners or officers of such business enterprise (1) certify to the Administration the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administration for assistance of any sort, and the fees paid or to be paid to any such persons, and (2) execute an agreement binding any such business enterprise for a period of two years after any

assistance is rendered by the Administration to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent or employee of the Administration occupying a position or engaging in activities which the Administration shall have determined involve discretion with respect to the granting of assistance under this section.

(l) To the fullest extent the Administration deems practicable, it shall make a fair charge for the use of Government-owned property and make and let contracts on a basis that will result in a recovery of the direct costs incurred by the Administration.

(m) There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this section.

SEC. 715.⁴⁵ If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the remainder of the Act, and the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

SEC. 716.⁴⁶ That no person may be employed under this Act who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided*, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit has not contrary to the provisions of this section engaged in a strike against the Government of the United States, is not a member of an organization of Government employees that asserts the right to strike against the Government of the United States or that such person does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided further*, That any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation or fund contained in this Act shall be guilty of a felony and, upon conviction, shall be fined not more than \$1,000 or imprisoned for not more than one year, or both: *Provided further*, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law.

SEC. 717.⁴⁷ [(a) Titles I, II, III, and VII of this Act and all authority conferred thereunder shall terminate at the close of June 30, 1952, but such titles shall be effective after June 30, 1951 only to the

⁴⁵ Formerly sec. 714; redesignated by sec. 110 (b).

⁴⁶ Formerly sec. 715; redesignated by sec. 110 (b).

⁴⁷ Formerly sec. 716; redesignated by sec. 110 (b).

extent necessary to aid in carrying out contracts relating to the national defense entered into by the Government prior to July 1, 1951.]

(a) *This act and all authority conferred thereunder shall terminate at the close of June 30, 1952.*⁴⁸

[(b) Titles IV, V, and VI of this Act and all authority conferred thereunder shall terminate at the close of June 30, 1951.]⁴⁹

(b) ⁵⁰ Notwithstanding the foregoing—

(1) The Congress by concurrent resolution or the President by proclamation may terminate this Act prior to the termination otherwise provided therefor.

(2) The Congress may also provide by concurrent resolution that any section of this Act and all authority conferred thereunder shall terminate prior to the termination otherwise provided therefor.

(3) Any agency created under this Act may be continued in existence for purposes of liquidation for not to exceed six months after the termination of the provision authorizing the creation of such agency.

(c) ⁵¹ The termination of any section of this Act, or of any agency or corporation utilized under this Act, shall not affect the disbursement of funds under, or the carrying out of, any contract, guarantee, commitment or other obligation entered into pursuant to this Act prior to the date of such termination or the taking of any action necessary to preserve or protect the interests of the United States in any amounts advanced or paid out in carrying on operations under this Act.

⁴⁸ Italicized portion substituted for bracketed portion by sec. 111.

⁴⁹ Bracketed portion deleted by sec. 111.

⁵⁰ Formerly subsec. (c) ; redesignated by sec. 111.

⁵¹ Formerly subsec. (d) ; redesignated by sec. 111.

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